

**CALIFORNIA DEPARTMENT OF
CHILD SUPPORT SERVICES**



**2006-07
GOVERNOR'S BUDGET**

FOR THE

**LOCAL ASSISTANCE
ADMINISTRATIVE COSTS
AND COLLECTIONS
ESTIMATES**

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE NOVEMBER 2005 ESTIMATE OF THE
2006-07 GOVERNOR'S BUDGET

FROM: LINDA ADAMS, Budget Officer
Financial Planning Section

DATE: January 10, 2006

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the November 2005 Subvention local assistance estimates for the 2006-07 Governor's Budget for the California Department of Child Support Services (DCSS).

The November 2005 Subvention presents, for the first time, the state fiscal year (SFY) 2006-07 DCSS local assistance budget and updates SFY 2005-06 from the SFY 2005-06 Appropriation. The estimates of the administrative costs for the local child support agencies, as well as the detailed methodology for each estimate, are included. It also provides the estimate of the child support collections and miscellaneous revenue to the State General Fund (SGF). The total distributed child support collections and revenues are projected to be \$2.4 billion (\$294.5 million, SGF) for SFY 2006-07, and \$2.4 billion (\$298.1 million, SGF) for SFY 2005-06.

The November Subvention binder includes an Auxiliary Chart section that consists of charts reflecting historical data on child support collections, federal performance measures, and the federal alternative penalty. For convenience, a list of acronyms has been added under the Premises Methodologies section. Also, included in the Premise Methodologies section is the Discontinued Premises page.

The material contained in the November 2005 Estimate binder will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Financial Planning Section at (916) 464-5150.

cc: Cher Woehl, Deputy Director, Administrative Services Division
Kenji Okimoto, Assistant Deputy, Financial Services Branch

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

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TABLE NUMBER 1
COST COMPARISON OF
2005-06 NOVEMBER ESTIMATE TO 2005-06 APPROPRIATION
(in thousands)

| Budget Item 5175-101 | 2005-06 NOVEMBER ESTIMATE | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|----------|-----------------------|----------------|----------------|---------------|----------|---------------|---------------|-------------|----------|----------|
| | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. |
| 1 CHILD SUPPORT PROGRAM COSTS | 1,269,487 | 789,239 | 470,248 | 10,000 | 0 | 1,277,937 | 797,288 | 470,649 | 10,000 | 0 | -8,450 | -8,049 | -401 | 0 | 0 |
| a Local Assistance Child Support Services * | 778,455 | 516,207 | 252,248 | 10,000 | 0 | 764,569 | 501,920 | 252,649 | 10,000 | 0 | 13,886 | 14,287 | -401 | 0 | 0 |
| b Child Support Collections Recovery Fund * | 273,032 | 273,032 | 0 | 0 | 0 | 295,368 | 295,368 | 0 | 0 | 0 | -22,336 | -22,336 | 0 | 0 | 0 |
| c Alternative Federal Penalty * | 218,000 | 0 | 218,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 CHILD SUPPORT ADMINISTRATION 10.01 | 1,098,486 | 626,732 | 461,754 | 10,000 | 0 | 1,100,145 | 627,636 | 462,509 | 10,000 | 0 | -1,659 | -904 | -755 | 0 | 0 |
| 3 Local Child Support Agency Basic Costs | 870,086 | 621,438 | 238,648 | 10,000 | 0 | 870,086 | 621,438 | 238,648 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| a Administration | 739,658 | 535,530 | 194,128 | 10,000 | 0 | 739,658 | 535,530 | 194,128 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| b EDP M&O | 130,428 | 85,908 | 44,520 | 0 | 0 | 130,428 | 85,908 | 44,520 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Federal Performance Basic Incentives * | 0 | 47,292 | -47,292 | 0 | 0 | 0 | 47,292 | -47,292 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Data Reliability Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 SDU Implementation LCSA Workload | 2,234 | 1,474 | 760 | 0 | 0 | 2,234 | 1,474 | 760 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 EDP Conversion and Enhancements | 4,231 | 0 | 4,231 | 0 | 0 | 5,890 | 0 | 5,890 | 0 | 0 | -1,659 | 0 | -1,659 | 0 | 0 |
| 7 Alternative Federal Penalty | 218,000 | 0 | 218,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Child Support Collection Enhancements | 3,935 | 3,820 | 115 | 0 | 0 | 3,935 | 4,724 | -789 | 0 | 0 | 0 | -904 | 904 | 0 | 0 |
| a Compromise Of Arrears Program (COAP) | 945 | 624 | 321 | 0 | 0 | 945 | 624 | 321 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Presumed Income Adjustment | 2,990 | 1,973 | 1,017 | 0 | 0 | 2,990 | 1,973 | 1,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Federal Incentives Impact | 0 | 1,223 | -1,223 | 0 | 0 | 0 | 2,127 | -2,127 | 0 | 0 | 0 | -904 | 904 | 0 | 0 |
| 9 CHILD SUPPORT AUTOMATION 10.03 | 171,001 | 162,507 | 8,494 | 0 | 0 | 177,792 | 169,652 | 8,140 | 0 | 0 | -6,791 | -7,145 | 354 | 0 | 0 |
| 10 California Child Support Automation System - SDU | 21,889 | 14,536 | 7,353 | 0 | 0 | 20,943 | 13,944 | 6,999 | 0 | 0 | 946 | 592 | 354 | 0 | 0 |
| a State Disbursement Unit - FTB | 983 | 983 | 0 | 0 | 0 | 983 | 983 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b State Disbursement Unit - LCSA | 295 | 195 | 100 | 0 | 0 | 295 | 195 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c State Disbursement Unit - Service Provider (SP) | 20,611 | 13,358 | 7,253 | 0 | 0 | 19,665 | 12,766 | 6,899 | 0 | 0 | 946 | 592 | 354 | 0 | 0 |
| 11 California Child Support Automation System - CSE | 149,112 | 147,971 | 1,141 | 0 | 0 | 156,849 | 155,708 | 1,141 | 0 | 0 | -7,737 | -7,737 | 0 | 0 | 0 |
| a Child Support Enforcement - FTB | 145,756 | 145,756 | 0 | 0 | 0 | 153,493 | 153,493 | 0 | 0 | 0 | -7,737 | -7,737 | 0 | 0 | 0 |
| b Child Support Enforcement - LCSA | 3,356 | 2,215 | 1,141 | 0 | 0 | 3,356 | 2,215 | 1,141 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 2
COST COMPARISON OF
2006-07 GOVERNOR'S BUDGET TO 2005-06 APPROPRIATION
(in thousands)

| Budget Item 5175-101 | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|----------|-----------------------|----------------|----------------|---------------|----------|---------------|---------------|---------------|----------|----------|
| | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. |
| 1 CHILD SUPPORT PROGRAM COSTS | 1,273,744 | 790,888 | 472,856 | 10,000 | 0 | 1,277,937 | 797,288 | 470,649 | 10,000 | 0 | -4,193 | -6,400 | 2,207 | 0 | 0 |
| a Local Assistance Child Support Services * | 784,022 | 521,166 | 252,856 | 10,000 | 0 | 764,569 | 501,920 | 252,649 | 10,000 | 0 | 19,453 | 19,246 | 207 | 0 | 0 |
| b Child Support Collections Recovery Fund * | 269,722 | 269,722 | 0 | 0 | 0 | 295,368 | 295,368 | 0 | 0 | 0 | -25,646 | -25,646 | 0 | 0 | 0 |
| c Alternative Federal Penalty * | 220,000 | 0 | 220,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 2,000 | 0 | 2,000 | 0 | 0 |
| 2 CHILD SUPPORT ADMINISTRATION 10.01 | 1,094,536 | 628,299 | 456,237 | 10,000 | 0 | 1,100,145 | 627,636 | 462,509 | 10,000 | 0 | -5,609 | 663 | -6,272 | 0 | 0 |
| 3 Local Child Support Agency Basic Costs | 870,601 | 623,852 | 236,749 | 10,000 | 0 | 870,086 | 621,438 | 238,648 | 10,000 | 0 | 515 | 2,414 | -1,899 | 0 | 0 |
| a Administration | 739,658 | 537,430 | 192,228 | 10,000 | 0 | 739,658 | 535,530 | 194,128 | 10,000 | 0 | 0 | 1,900 | -1,900 | 0 | 0 |
| b EDP M&O | 130,943 | 86,422 | 44,521 | 0 | 0 | 130,428 | 85,908 | 44,520 | 0 | 0 | 515 | 514 | 1 | 0 | 0 |
| c Federal Performance Basic Incentives * | 0 | 49,192 | -49,192 | 0 | 0 | 0 | 47,292 | -47,292 | 0 | 0 | 0 | 1,900 | -1,900 | 0 | 0 |
| 4 Data Reliability Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 SDU Implementation LCSA Workload | 0 | 0 | 0 | 0 | 0 | 2,234 | 1,474 | 760 | 0 | 0 | -2,234 | -1,474 | -760 | 0 | 0 |
| 6 EDP Conversion and Enhancements | 0 | 0 | 0 | 0 | 0 | 5,890 | 0 | 5,890 | 0 | 0 | -5,890 | 0 | -5,890 | 0 | 0 |
| 7 Alternative Federal Penalty | 220,000 | 0 | 220,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 2,000 | 0 | 2,000 | 0 | 0 |
| 8 Child Support Collection Enhancements | 3,935 | 4,447 | -512 | 0 | 0 | 3,935 | 4,724 | -789 | 0 | 0 | 0 | -277 | 277 | 0 | 0 |
| a Compromise Of Arrears Program (COAP) | 945 | 624 | 321 | 0 | 0 | 945 | 624 | 321 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Presumed Income Adjustment | 2,990 | 1,973 | 1,017 | 0 | 0 | 2,990 | 1,973 | 1,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Federal Incentives Impact | 0 | 1,850 | -1,850 | 0 | 0 | 0 | 2,127 | -2,127 | 0 | 0 | 0 | -277 | 277 | 0 | 0 |
| 9 CHILD SUPPORT AUTOMATION 10.03 | 179,208 | 162,589 | 16,619 | 0 | 0 | 177,792 | 169,652 | 8,140 | 0 | 0 | 1,416 | -7,063 | 8,479 | 0 | 0 |
| 10 California Child Support Automation System - SDU | 37,739 | 24,212 | 13,527 | 0 | 0 | 20,943 | 13,944 | 6,999 | 0 | 0 | 16,796 | 10,268 | 6,528 | 0 | 0 |
| a State Disbursement Unit - FTB | 653 | 653 | 0 | 0 | 0 | 983 | 983 | 0 | 0 | 0 | -330 | -330 | 0 | 0 | 0 |
| b State Disbursement Unit - LCSA | 295 | 195 | 100 | 0 | 0 | 295 | 195 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c State Disbursement Unit - Service Provider (SP) | 36,791 | 23,364 | 13,427 | 0 | 0 | 19,665 | 12,766 | 6,899 | 0 | 0 | 17,126 | 10,598 | 6,528 | 0 | 0 |
| 11 California Child Support Automation System - CSE | 141,469 | 138,377 | 3,092 | 0 | 0 | 156,849 | 155,708 | 1,141 | 0 | 0 | -15,380 | -17,331 | 1,951 | 0 | 0 |
| a Child Support Enforcement - FTB | 132,375 | 132,375 | 0 | 0 | 0 | 153,493 | 153,493 | 0 | 0 | 0 | -21,118 | -21,118 | 0 | 0 | 0 |
| b Child Support Enforcement - LCSA | 9,094 | 6,002 | 3,092 | 0 | 0 | 3,356 | 2,215 | 1,141 | 0 | 0 | 5,738 | 3,787 | 1,951 | 0 | 0 |

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 3
COST COMPARISON OF
2006-07 GOVERNOR'S BUDGET TO 2005-06 NOVEMBER ESTIMATE
(in thousands)

| Budget Item 5175-101 | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 NOVEMBER ESTIMATE | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|----------|---------------------------|----------------|----------------|---------------|----------|---------------|--------------|---------------|----------|----------|
| | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. | Total | Federal | State | County | Reimb. |
| 1 CHILD SUPPORT PROGRAM COSTS | 1,273,744 | 790,888 | 472,856 | 10,000 | 0 | 1,269,487 | 789,239 | 470,248 | 10,000 | 0 | 4,257 | 1,649 | 2,608 | 0 | 0 |
| a Local Assistance Child Support Services * | 784,022 | 521,166 | 252,856 | 10,000 | 0 | 778,455 | 516,207 | 252,248 | 10,000 | 0 | 5,567 | 4,959 | 608 | 0 | 0 |
| b Child Support Collections Recovery Fund * | 269,722 | 269,722 | 0 | 0 | 0 | 273,032 | 273,032 | 0 | 0 | 0 | -3,310 | -3,310 | 0 | 0 | 0 |
| c Alternative Federal Penalty * | 220,000 | 0 | 220,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 2,000 | 0 | 2,000 | 0 | 0 |
| 2 CHILD SUPPORT ADMINISTRATION 10.01 | 1,094,536 | 628,299 | 456,237 | 10,000 | 0 | 1,098,486 | 626,732 | 461,754 | 10,000 | 0 | -3,950 | 1,567 | -5,517 | 0 | 0 |
| 3 Local Child Support Agency Basic Costs | 870,601 | 623,852 | 236,749 | 10,000 | 0 | 870,086 | 621,438 | 238,648 | 10,000 | 0 | 515 | 2,414 | -1,899 | 0 | 0 |
| a Administration | 739,658 | 537,430 | 192,228 | 10,000 | 0 | 739,658 | 535,530 | 194,128 | 10,000 | 0 | 0 | 1,900 | -1,900 | 0 | 0 |
| b EDP M&O | 130,943 | 86,422 | 44,521 | 0 | 0 | 130,428 | 85,908 | 44,520 | 0 | 0 | 515 | 514 | 1 | 0 | 0 |
| c Federal Performance Basic Incentives * | 0 | 49,192 | -49,192 | 0 | 0 | 0 | 47,292 | -47,292 | 0 | 0 | 0 | 1,900 | -1,900 | 0 | 0 |
| 4 Data Reliability Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 SDU Implementation LCSA Workload | 0 | 0 | 0 | 0 | 0 | 2,234 | 1,474 | 760 | 0 | 0 | -2,234 | -1,474 | -760 | 0 | 0 |
| 6 EDP Conversion and Enhancements | 0 | 0 | 0 | 0 | 0 | 4,231 | 0 | 4,231 | 0 | 0 | -4,231 | 0 | -4,231 | 0 | 0 |
| 7 Alternative Federal Penalty | 220,000 | 0 | 220,000 | 0 | 0 | 218,000 | 0 | 218,000 | 0 | 0 | 2,000 | 0 | 2,000 | 0 | 0 |
| 8 Child Support Collection Enhancements | 3,935 | 4,447 | -512 | 0 | 0 | 3,935 | 3,820 | 115 | 0 | 0 | 0 | 627 | -627 | 0 | 0 |
| a Compromise Of Arrears Program (COAP) | 945 | 624 | 321 | 0 | 0 | 945 | 624 | 321 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Presumed Income Adjustment | 2,990 | 1,973 | 1,017 | 0 | 0 | 2,990 | 1,973 | 1,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Federal Incentives Impact | 0 | 1,850 | -1,850 | 0 | 0 | 0 | 1,223 | -1,223 | 0 | 0 | 0 | 627 | -627 | 0 | 0 |
| 9 CHILD SUPPORT AUTOMATION 10.03 | 179,208 | 162,589 | 16,619 | 0 | 0 | 171,001 | 162,507 | 8,494 | 0 | 0 | 8,207 | 82 | 8,125 | 0 | 0 |
| 10 California Child Support Automation System - SDU | 37,739 | 24,212 | 13,527 | 0 | 0 | 21,889 | 14,536 | 7,353 | 0 | 0 | 15,850 | 9,676 | 6,174 | 0 | 0 |
| a State Disbursement Unit - FTB | 653 | 653 | 0 | 0 | 0 | 983 | 983 | 0 | 0 | 0 | -330 | -330 | 0 | 0 | 0 |
| b State Disbursement Unit - LCSA | 295 | 195 | 100 | 0 | 0 | 295 | 195 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c State Disbursement Unit - Service Provider (SP) | 36,791 | 23,364 | 13,427 | 0 | 0 | 20,611 | 13,358 | 7,253 | 0 | 0 | 16,180 | 10,006 | 6,174 | 0 | 0 |
| 11 California Child Support Automation System - CSE | 141,469 | 138,377 | 3,092 | 0 | 0 | 149,112 | 147,971 | 1,141 | 0 | 0 | -7,643 | -9,594 | 1,951 | 0 | 0 |
| a Child Support Enforcement - FTB | 132,375 | 132,375 | 0 | 0 | 0 | 145,756 | 145,756 | 0 | 0 | 0 | -13,381 | -13,381 | 0 | 0 | 0 |
| b Child Support Enforcement - LCSA | 9,094 | 6,002 | 3,092 | 0 | 0 | 3,356 | 2,215 | 1,141 | 0 | 0 | 5,738 | 3,787 | 1,951 | 0 | 0 |

* Denotes a non-add item, which is displayed for information purposes only.

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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Table 3. 2006-07 Governor's Budget to 2005-06 November Estimate.....Gov BY – Nov CY

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2005-06 NOVEMBER ESTIMATE TO 2005-06 APPROPRIATION
(in thousands)

| | 2005-06 NOVEMBER ESTIMATE | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|------------------|-----------------------|----------------|----------------|---------------|------------------|----------------|----------------|----------------|---------------|----------------|
| | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ |
| 1 CS REVENUES, TRANSFERS AND COLLECTIONS | 2,354,498 | 273,032 | 298,137 | 36,528 | 1,746,801 | 2,448,581 | 295,368 | 320,097 | 38,106 | 1,795,010 | -94,083 | -22,336 | -21,960 | -1,578 | -48,209 |
| 2 CHILD SUPPORT PROGRAM COLLECTIONS | 2,372,373 | 287,907 | 301,137 | 36,528 | 1,746,801 | 2,465,815 | 309,602 | 323,097 | 38,106 | 1,795,010 | -93,442 | -21,695 | -21,960 | -1,578 | -48,209 |
| 3 Child Support Assistance Collections | 661,857 | 287,907 | 301,137 | 36,528 | 36,285 | 709,674 | 309,602 | 323,097 | 38,106 | 38,869 | -47,817 | -21,695 | -21,960 | -1,578 | -2,584 |
| 4 Basic Collections | 592,595 | 272,729 | 285,263 | 34,603 | 0 | 635,781 | 293,534 | 306,141 | 36,106 | 0 | -43,186 | -20,805 | -20,878 | -1,503 | 0 |
| 5 \$ 50 State Disregard Payments to Families | 31,962 | 0 | 0 | 0 | 31,962 | 30,587 | 0 | 0 | 0 | 30,587 | 1,375 | 0 | 0 | 0 | 1,375 |
| 6 Collections for Other States - Assistance | 3,056 | 0 | 0 | 0 | 3,056 | 4,144 | 0 | 0 | 0 | 4,144 | -1,088 | 0 | 0 | 0 | -1,088 |
| 7 Miscellaneous Collections - Assistance | 1,267 | 0 | 0 | 0 | 1,267 | 4,138 | 0 | 0 | 0 | 4,138 | -2,871 | 0 | 0 | 0 | -2,871 |
| 8 Full Collections Program - Assistance | 11,468 | 5,278 | 5,520 | 670 | 0 | 9,122 | 4,185 | 4,416 | 521 | 0 | 2,346 | 1,093 | 1,104 | 149 | 0 |
| a FIDM | 6,858 | 3,156 | 3,301 | 401 | 0 | 7,094 | 3,255 | 3,434 | 405 | 0 | -236 | -99 | -133 | -4 | 0 |
| b Non-FIDM | 4,610 | 2,122 | 2,219 | 269 | 0 | 2,028 | 930 | 982 | 116 | 0 | 2,582 | 1,192 | 1,237 | 153 | 0 |
| 9 Child Support Collections Enhancements | 21,509 | 9,900 | 10,354 | 1,255 | 0 | 25,902 | 11,883 | 12,540 | 1,479 | 0 | -4,393 | -1,983 | -2,186 | -224 | 0 |
| a Compromise Of Arrears Program (COAP) | 5,936 | 2,732 | 2,858 | 346 | 0 | 10,328 | 4,738 | 5,000 | 590 | 0 | -4,392 | -2,006 | -2,142 | -244 | 0 |
| b Enhanced FIDM | 1,975 | 909 | 951 | 115 | 0 | 1,975 | 906 | 956 | 113 | 0 | 0 | 3 | -5 | 2 | 0 |
| c Presumed Income Adjustment | 10,878 | 5,007 | 5,236 | 635 | 0 | 10,879 | 4,991 | 5,267 | 621 | 0 | -1 | 16 | -31 | 14 | 0 |
| d Low Income Adjustment | 2,720 | 1,252 | 1,309 | 159 | 0 | 2,720 | 1,248 | 1,317 | 155 | 0 | 0 | 4 | -8 | 4 | 0 |
| 10 Child Support NonAssistance Collections | 1,710,516 | 0 | 0 | 0 | 1,710,516 | 1,756,141 | 0 | 0 | 0 | 1,756,141 | -45,625 | 0 | 0 | 0 | -45,625 |
| 11 Basic Collections | 1,569,978 | 0 | 0 | 0 | 1,569,978 | 1,610,079 | 0 | 0 | 0 | 1,610,079 | -40,101 | 0 | 0 | 0 | -40,101 |
| 12 Collections for Other States - NonAssistance | 111,325 | 0 | 0 | 0 | 111,325 | 123,697 | 0 | 0 | 0 | 123,697 | -12,372 | 0 | 0 | 0 | -12,372 |
| 13 Miscellaneous Collections - NonAssistance | 1,137 | 0 | 0 | 0 | 1,137 | 1,079 | 0 | 0 | 0 | 1,079 | 58 | 0 | 0 | 0 | 58 |
| 14 Full Collections Program - NonAssistance | 28,076 | 0 | 0 | 0 | 28,076 | 21,286 | 0 | 0 | 0 | 21,286 | 6,790 | 0 | 0 | 0 | 6,790 |
| a FIDM | 16,791 | 0 | 0 | 0 | 16,791 | 16,554 | 0 | 0 | 0 | 16,554 | 237 | 0 | 0 | 0 | 237 |
| b Non-FIDM | 11,285 | 0 | 0 | 0 | 11,285 | 4,732 | 0 | 0 | 0 | 4,732 | 6,553 | 0 | 0 | 0 | 6,553 |
| 15 REVENUES TRANSFERS | -17,875 | -14,875 | -3,000 | 0 | 0 | -17,234 | -14,234 | -3,000 | 0 | 0 | -641 | -641 | 0 | 0 | 0 |
| 16 Foster Parent Training Fund Transfer | -3,000 | 0 | -3,000 | 0 | 0 | -3,000 | 0 | -3,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Title IV-E Child Support Collections Recovery Fund | -14,875 | -14,875 | 0 | 0 | 0 | -14,234 | -14,234 | 0 | 0 | 0 | -641 | -641 | 0 | 0 | 0 |

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

TABLE NUMBER 2
REVENUE AND COLLECTIONS COMPARISON OF
2006-07 GOVERNOR'S BUDGET TO 2005-06 APPROPRIATION
(in thousands)

| | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|------------------|-----------------------|----------------|----------------|---------------|------------------|----------------|----------------|----------------|---------------|---------------|
| | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ |
| 1 CS REVENUES, TRANSFERS AND COLLECTIONS | 2,410,889 | 269,722 | 294,485 | 36,085 | 1,810,597 | 2,448,581 | 295,368 | 320,097 | 38,106 | 1,795,010 | -37,692 | -25,646 | -25,612 | -2,021 | 15,587 |
| 2 CHILD SUPPORT PROGRAM COLLECTIONS | 2,428,583 | 284,416 | 297,485 | 36,085 | 1,810,597 | 2,465,815 | 309,602 | 323,097 | 38,106 | 1,795,010 | -37,232 | -25,186 | -25,612 | -2,021 | 15,587 |
| 3 Child Support Assistance Collections | 655,684 | 284,416 | 297,485 | 36,085 | 37,698 | 709,674 | 309,602 | 323,097 | 38,106 | 38,869 | -53,990 | -25,186 | -25,612 | -2,021 | -1,171 |
| 4 Basic Collections | 583,130 | 268,373 | 280,707 | 34,050 | 0 | 635,781 | 293,534 | 306,141 | 36,106 | 0 | -52,651 | -25,161 | -25,434 | -2,056 | 0 |
| 5 \$ 50 State Disregard Payments to Families | 33,496 | 0 | 0 | 0 | 33,496 | 30,587 | 0 | 0 | 0 | 30,587 | 2,909 | 0 | 0 | 0 | 2,909 |
| 6 Collections for Other States - Assistance | 2,971 | 0 | 0 | 0 | 2,971 | 4,144 | 0 | 0 | 0 | 4,144 | -1,173 | 0 | 0 | 0 | -1,173 |
| 7 Miscellaneous Collections - Assistance | 1,231 | 0 | 0 | 0 | 1,231 | 4,138 | 0 | 0 | 0 | 4,138 | -2,907 | 0 | 0 | 0 | -2,907 |
| 8 Full Collections Program - Assistance | 10,308 | 4,744 | 4,962 | 602 | 0 | 9,122 | 4,185 | 4,416 | 521 | 0 | 1,186 | 559 | 546 | 81 | 0 |
| a FIDM | 6,858 | 3,156 | 3,301 | 401 | 0 | 7,094 | 3,255 | 3,434 | 405 | 0 | -236 | -99 | -133 | -4 | 0 |
| b Non-FIDM | 3,450 | 1,588 | 1,661 | 201 | 0 | 2,028 | 930 | 982 | 116 | 0 | 1,422 | 658 | 679 | 85 | 0 |
| 9 Child Support Collections Enhancements | 24,548 | 11,299 | 11,816 | 1,433 | 0 | 25,902 | 11,883 | 12,540 | 1,479 | 0 | -1,354 | -584 | -724 | -46 | 0 |
| a Compromise Of Arrears Program (COAP) | 8,975 | 4,131 | 4,320 | 524 | 0 | 10,328 | 4,738 | 5,000 | 590 | 0 | -1,353 | -607 | -680 | -66 | 0 |
| b Enhanced FIDM | 1,975 | 909 | 951 | 115 | 0 | 1,975 | 906 | 956 | 113 | 0 | 0 | 3 | -5 | 2 | 0 |
| c Presumed Income Adjustment | 10,878 | 5,007 | 5,236 | 635 | 0 | 10,879 | 4,991 | 5,267 | 621 | 0 | -1 | 16 | -31 | 14 | 0 |
| d Low Income Adjustment | 2,720 | 1,252 | 1,309 | 159 | 0 | 2,720 | 1,248 | 1,317 | 155 | 0 | 0 | 4 | -8 | 4 | 0 |
| 10 Child Support NonAssistance Collections | 1,772,899 | 0 | 0 | 0 | 1,772,899 | 1,756,141 | 0 | 0 | 0 | 1,756,141 | 16,758 | 0 | 0 | 0 | 16,758 |
| 11 Basic Collections | 1,631,714 | 0 | 0 | 0 | 1,631,714 | 1,610,079 | 0 | 0 | 0 | 1,610,079 | 21,635 | 0 | 0 | 0 | 21,635 |
| 12 Collections for Other States - NonAssistance | 114,776 | 0 | 0 | 0 | 114,776 | 123,697 | 0 | 0 | 0 | 123,697 | -8,921 | 0 | 0 | 0 | -8,921 |
| 13 Miscellaneous Collections - NonAssistance | 1,173 | 0 | 0 | 0 | 1,173 | 1,079 | 0 | 0 | 0 | 1,079 | 94 | 0 | 0 | 0 | 94 |
| 14 Full Collections Program - NonAssistance | 25,236 | 0 | 0 | 0 | 25,236 | 21,286 | 0 | 0 | 0 | 21,286 | 3,950 | 0 | 0 | 0 | 3,950 |
| a FIDM | 16,791 | 0 | 0 | 0 | 16,791 | 16,554 | 0 | 0 | 0 | 16,554 | 237 | 0 | 0 | 0 | 237 |
| b Non-FIDM | 8,445 | 0 | 0 | 0 | 8,445 | 4,732 | 0 | 0 | 0 | 4,732 | 3,713 | 0 | 0 | 0 | 3,713 |
| 15 REVENUES TRANSFERS | -17,694 | -14,694 | -3,000 | 0 | 0 | -17,234 | -14,234 | -3,000 | 0 | 0 | -460 | -460 | 0 | 0 | 0 |
| 16 Foster Parent Training Fund Transfer | -3,000 | 0 | -3,000 | 0 | 0 | -3,000 | 0 | -3,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Title IV-E Child Support Collections Recovery Fund | -14,694 | -14,694 | 0 | 0 | 0 | -14,234 | -14,234 | 0 | 0 | 0 | -460 | -460 | 0 | 0 | 0 |

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

TABLE NUMBER 3
REVENUE AND COLLECTIONS COMPARISON OF
2006-07 GOVERNOR'S BUDGET TO 2005-06 NOVEMBER ESTIMATE
(in thousands)

| | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 NOVEMBER ESTIMATE | | | | | DIFFERENCES | | | | |
|---|---------------------------|----------------|----------------|---------------|------------------|---------------------------|----------------|----------------|---------------|------------------|---------------|---------------|---------------|-------------|---------------|
| | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ | Total | Federal | State | County | Other 1/ |
| 1 CS REVENUES, TRANSFERS AND COLLECTIONS | 2,410,889 | 269,722 | 294,485 | 36,085 | 1,810,597 | 2,354,498 | 273,032 | 298,137 | 36,528 | 1,746,801 | 56,391 | -3,310 | -3,652 | -443 | 63,796 |
| 2 CHILD SUPPORT PROGRAM COLLECTIONS | 2,428,583 | 284,416 | 297,485 | 36,085 | 1,810,597 | 2,372,373 | 287,907 | 301,137 | 36,528 | 1,746,801 | 56,210 | -3,491 | -3,652 | -443 | 63,796 |
| 3 Child Support Assistance Collections | 655,684 | 284,416 | 297,485 | 36,085 | 37,698 | 661,857 | 287,907 | 301,137 | 36,528 | 36,285 | -6,173 | -3,491 | -3,652 | -443 | 1,413 |
| 4 Basic Collections | 583,130 | 268,373 | 280,707 | 34,050 | 0 | 592,595 | 272,729 | 285,263 | 34,603 | 0 | -9,465 | -4,356 | -4,556 | -553 | 0 |
| 5 \$ 50 State Disregard Payments to Families | 33,496 | 0 | 0 | 0 | 33,496 | 31,962 | 0 | 0 | 0 | 31,962 | 1,534 | 0 | 0 | 0 | 1,534 |
| 6 Collections for Other States - Assistance | 2,971 | 0 | 0 | 0 | 2,971 | 3,056 | 0 | 0 | 0 | 3,056 | -85 | 0 | 0 | 0 | -85 |
| 7 Miscellaneous Collections - Assistance | 1,231 | 0 | 0 | 0 | 1,231 | 1,267 | 0 | 0 | 0 | 1,267 | -36 | 0 | 0 | 0 | -36 |
| 8 Full Collections Program - Assistance | 10,308 | 4,744 | 4,962 | 602 | 0 | 11,468 | 5,278 | 5,520 | 670 | 0 | -1,160 | -534 | -558 | -68 | 0 |
| a FIDM | 6,858 | 3,156 | 3,301 | 401 | 0 | 6,858 | 3,156 | 3,301 | 401 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Non-FIDM | 3,450 | 1,588 | 1,661 | 201 | 0 | 4,610 | 2,122 | 2,219 | 269 | 0 | -1,160 | -534 | -558 | -68 | 0 |
| 9 Child Support Collections Enhancements | 24,548 | 11,299 | 11,816 | 1,433 | 0 | 21,509 | 9,900 | 10,354 | 1,255 | 0 | 3,039 | 1,399 | 1,462 | 178 | 0 |
| a Compromise Of Arrears Program (COAP) | 8,975 | 4,131 | 4,320 | 524 | 0 | 5,936 | 2,732 | 2,858 | 346 | 0 | 3,039 | 1,399 | 1,462 | 178 | 0 |
| b Enhanced FIDM | 1,975 | 909 | 951 | 115 | 0 | 1,975 | 909 | 951 | 115 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Presumed Income Adjustment | 10,878 | 5,007 | 5,236 | 635 | 0 | 10,878 | 5,007 | 5,236 | 635 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Low Income Adjustment | 2,720 | 1,252 | 1,309 | 159 | 0 | 2,720 | 1,252 | 1,309 | 159 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Child Support NonAssistance Collections | 1,772,899 | 0 | 0 | 0 | 1,772,899 | 1,710,516 | 0 | 0 | 0 | 1,710,516 | 62,383 | 0 | 0 | 0 | 62,383 |
| 11 Basic Collections | 1,631,714 | 0 | 0 | 0 | 1,631,714 | 1,569,978 | 0 | 0 | 0 | 1,569,978 | 61,736 | 0 | 0 | 0 | 61,736 |
| 12 Collections for Other States - NonAssistance | 114,776 | 0 | 0 | 0 | 114,776 | 111,325 | 0 | 0 | 0 | 111,325 | 3,451 | 0 | 0 | 0 | 3,451 |
| 13 Miscellaneous Collections - NonAssistance | 1,173 | 0 | 0 | 0 | 1,173 | 1,137 | 0 | 0 | 0 | 1,137 | 36 | 0 | 0 | 0 | 36 |
| 14 Full Collections Program - NonAssistance | 25,236 | 0 | 0 | 0 | 25,236 | 28,076 | 0 | 0 | 0 | 28,076 | -2,840 | 0 | 0 | 0 | -2,840 |
| a FIDM | 16,791 | 0 | 0 | 0 | 16,791 | 16,791 | 0 | 0 | 0 | 16,791 | 0 | 0 | 0 | 0 | 0 |
| b Non-FIDM | 8,445 | 0 | 0 | 0 | 8,445 | 11,285 | 0 | 0 | 0 | 11,285 | -2,840 | 0 | 0 | 0 | -2,840 |
| 15 REVENUES TRANSFERS | -17,694 | -14,694 | -3,000 | 0 | 0 | -17,875 | -14,875 | -3,000 | 0 | 0 | 181 | 181 | 0 | 0 | 0 |
| 16 Foster Parent Training Fund Transfer | -3,000 | 0 | -3,000 | 0 | 0 | -3,000 | 0 | -3,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Title IV-E Child Support Collections Recovery Fund | -14,694 | -14,694 | 0 | 0 | 0 | -14,875 | -14,875 | 0 | 0 | 0 | 181 | 181 | 0 | 0 | 0 |

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

**CHILD SUPPORT PROGRAM
AUXILIARY CHARTS**

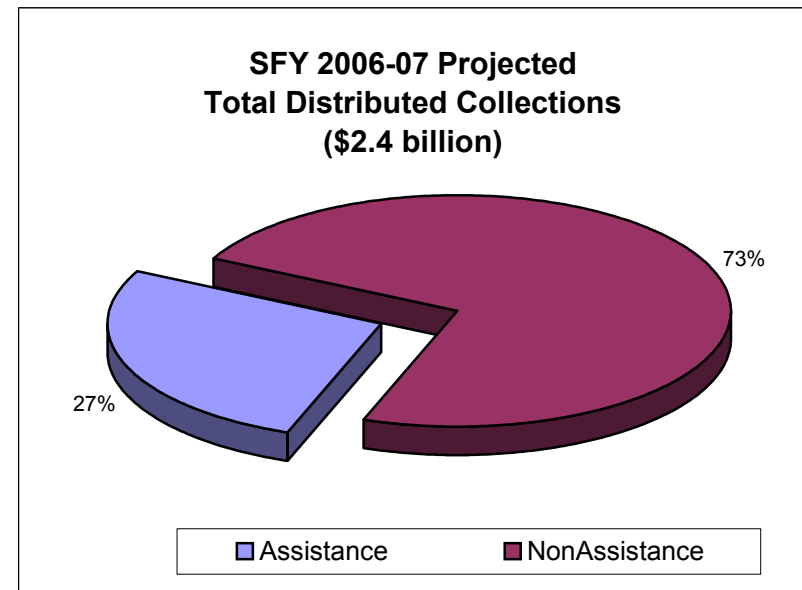
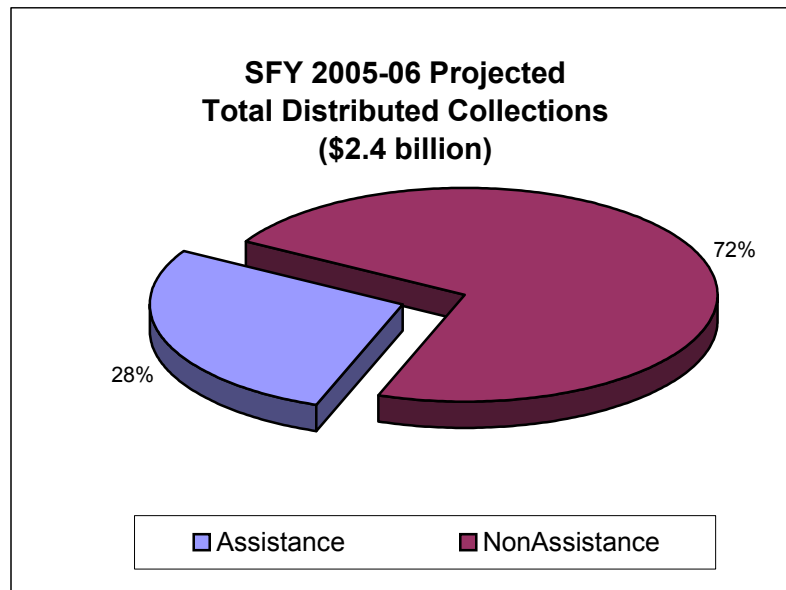
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2005-06 and 2006-07

The charts below display California's projected SFY 2005-06 (\$2.4 billion) and SFY 2006-07 (\$2.4 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and to the families (**NonAssistance**).

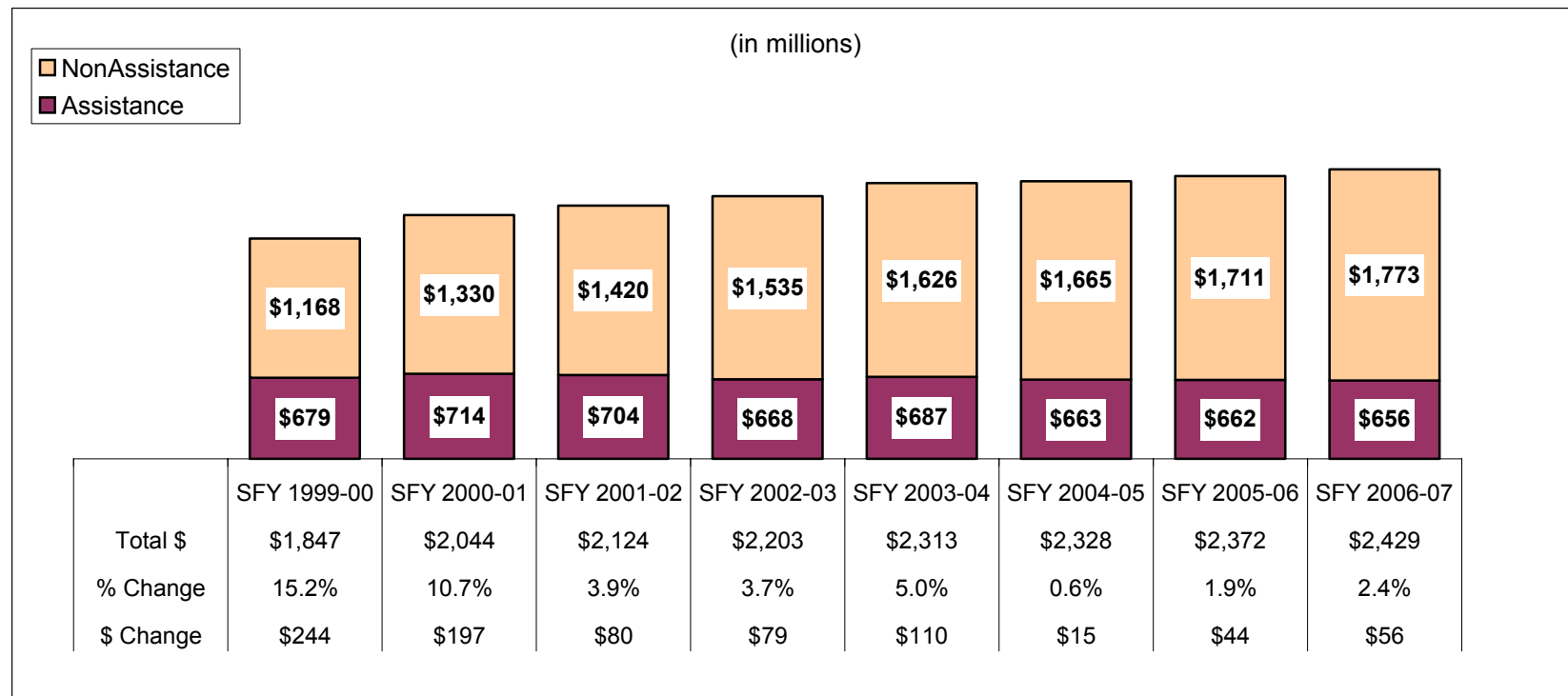
- **Assistance Collections (\$662 million SFY 2005-06, \$656 million SFY 2006-07)** are revenue to government entities which reflects basic collections and other premises. Basic Collections (\$593 million SFY 2005-06, \$583 million SFY 2006-07) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. Other Collection premises (\$69 million SFY 2005-06, \$73 million SFY 2006-07) are those collections that are associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as the Full Collections Program, Child Support Collections Enhancements, \$50 Disregard, Collections for Other States, and miscellaneous collections.
- **NonAssistance Collections (\$1.7 billion SFY 2005-06, \$1.8 billion SFY 2006-07)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.6 billion SFY 2005-06, \$1.6 billion SFY 2006-07) and Other Collection premises (\$141 million SFY 2005-06, \$141 million SFY 2006-07).



TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 1999-00 through 2006-07

Total child support distributed collections have grown from \$1,800,000,000 in State Fiscal Year (SFY) 1999-00 to a projected level of \$2,400,000,000 in SFY 2006-07. This represents a 23.9 percent overall growth rate.

The chart below reflects the actual and projected total distributed collections and the year to year change by state fiscal years.



Source: The collections data for SFY 1999-00 through SFY 2001-02 are from the CS 800 and 820 reports.
The collections data for SFY 2002-03 through SFY 2004-05 are from the CS 34/35 reports.
The SFY 2005-06 and SFY 2006-07 projections are based on the current trend analysis.

BASIC ASSISTANCE TREND COLLECTIONS FORECAST COMPARISON

The current estimate is forecasting a decrease of 3.8% for State Fiscal Year (SFY) 2005-06, and a decrease of 5.5% for SFY 2006-07 over SFY 2004-05 actuals. This is based on the most current 24 months of actual data. Basic Assistance collection trends have been declining from a peak level of \$660,309,000 in SFY 2000-01.

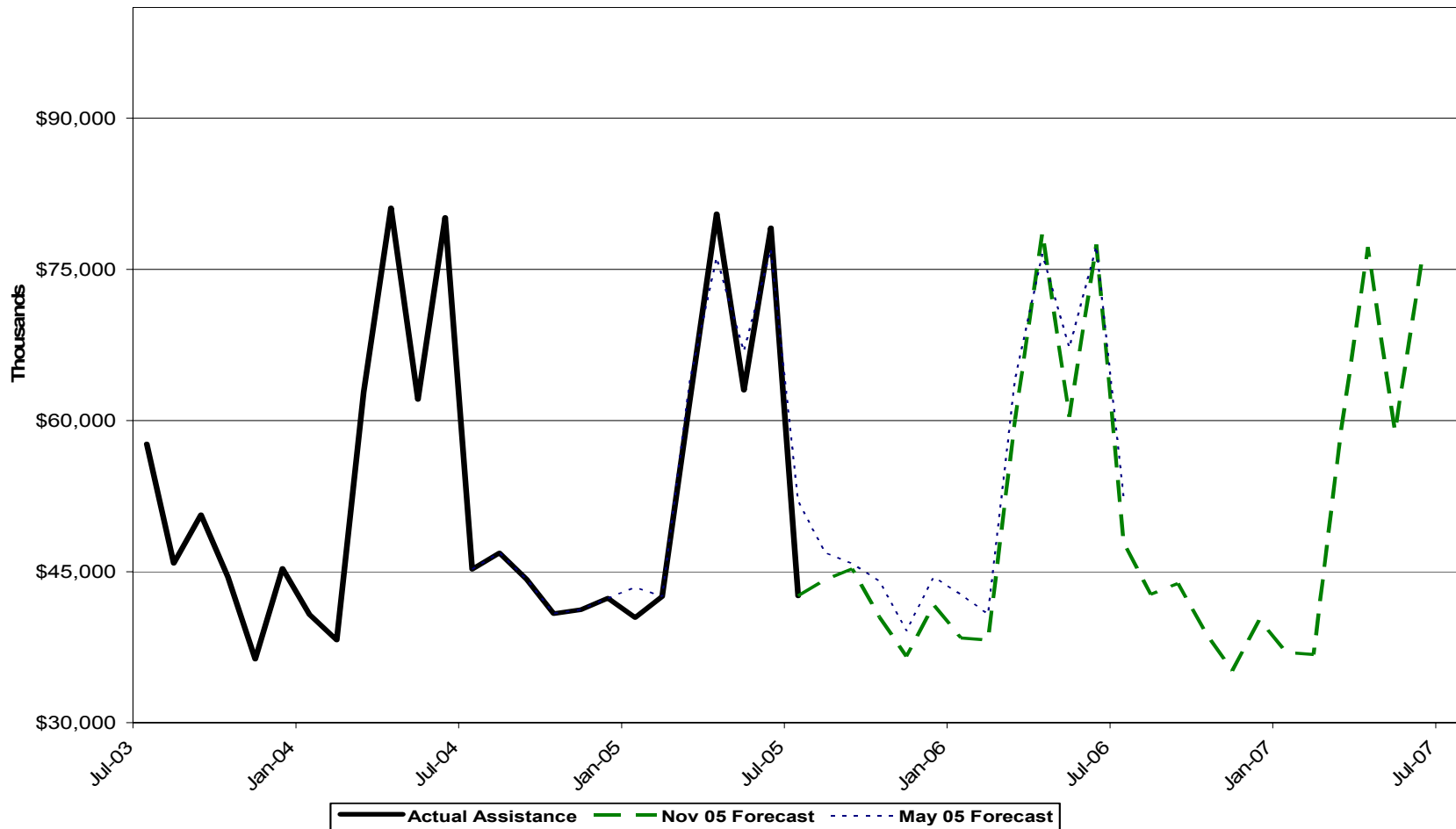
| | SFY 2004-05 | Forecast SFY 2005-06 | Forecast SFY 2006-07 |
|---------------------------------------|-------------|-------------------------|-------------------------|
| Actual | \$628,107 | - | - |
| November 2005 Estimate | - | \$604,063 | \$593,438 |
| May 2005 Revise | \$630,539 | \$640,973 | N/A |
| Difference from Prior Forecast | -0.4% | -5.8% | N/A |

(in thousands)

1/ Basic Assistance Collections includes Full Collections Program.

BASIC ASSISTANCE COLLECTIONS TREND LINE

The current estimate was based on 24 months of actual collections data, July 2003 through June 2005. The May 2005 Revision forecast was based on 30 months of actual collection data, September 2002 through February 2005.



BASIC NONASSISTANCE TREND COLLECTIONS FORECAST COMPARISON

The current estimate is forecasting an increase of 2.7% for State Fiscal Year (SFY) 2005-06, and an increase of 6.5% for SFY 2006-07 over SFY 2004-05 actuals. This is based on the most current 24 months of actual data. Basic Nonassistance collections continue to increase, but the growth is at a slower rate in recent years.

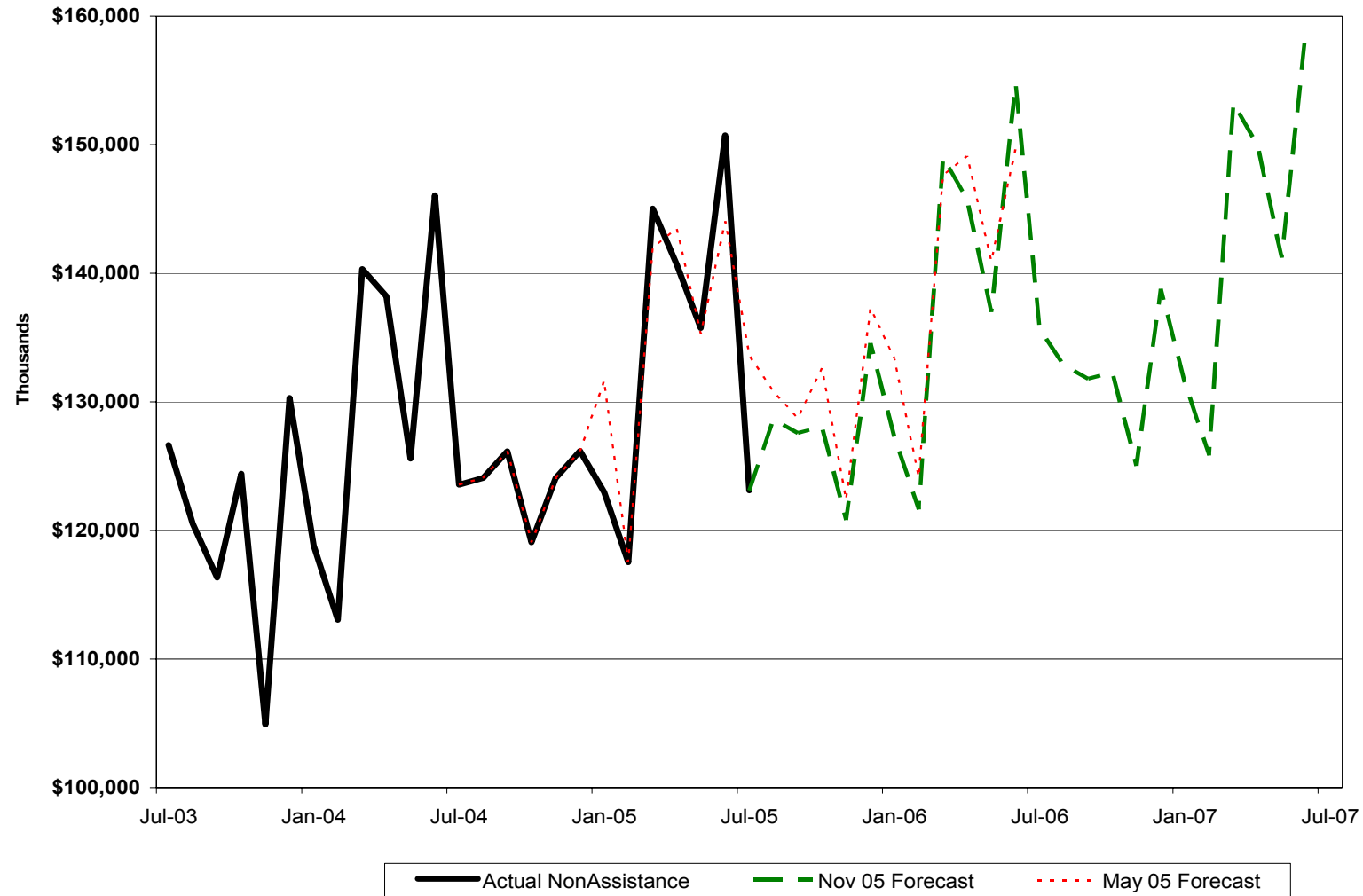
| | SFY 2004-05 | Forecast SFY 2005-06 | Forecast SFY 2006-07 |
|---------------------------------------|-------------|-------------------------|-------------------------|
| Actual | \$1,555,804 | - | - |
| November 2005 Estimate | - | \$1,598,054 | \$1,656,950 |
| May 2005 Revision | \$1,557,127 | \$1,630,206 | N/A |
| Difference from Prior Forecast | -0.1% | -2.0% | N/A |

(in thousands)

1/ Basic NonAssistance Collections includes Full Collections Program.

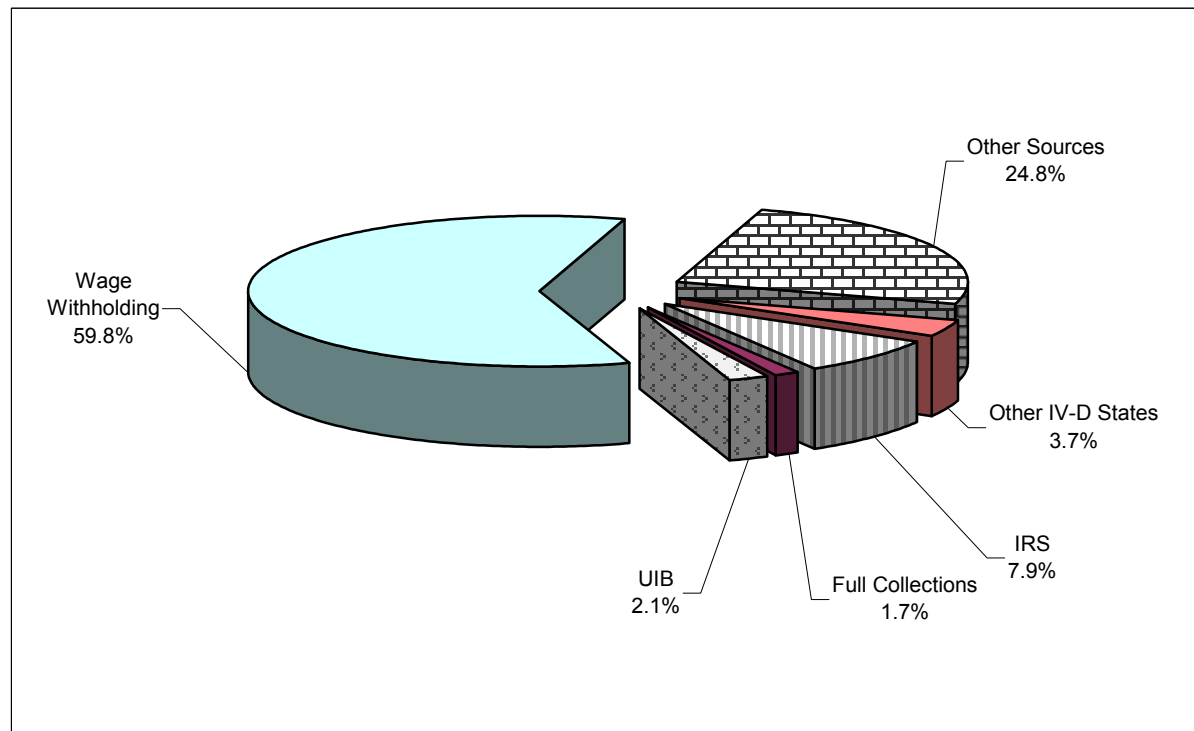
BASIC NONASSISTANCE COLLECTIONS TREND LINE

The November 2005 Estimate used the most recent 24 months of actual data, July 2003 through June 2005. The May 2005 Revision used 30 months of actual collection data, September 2002 through February 2005.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR (SFY) 2004-05

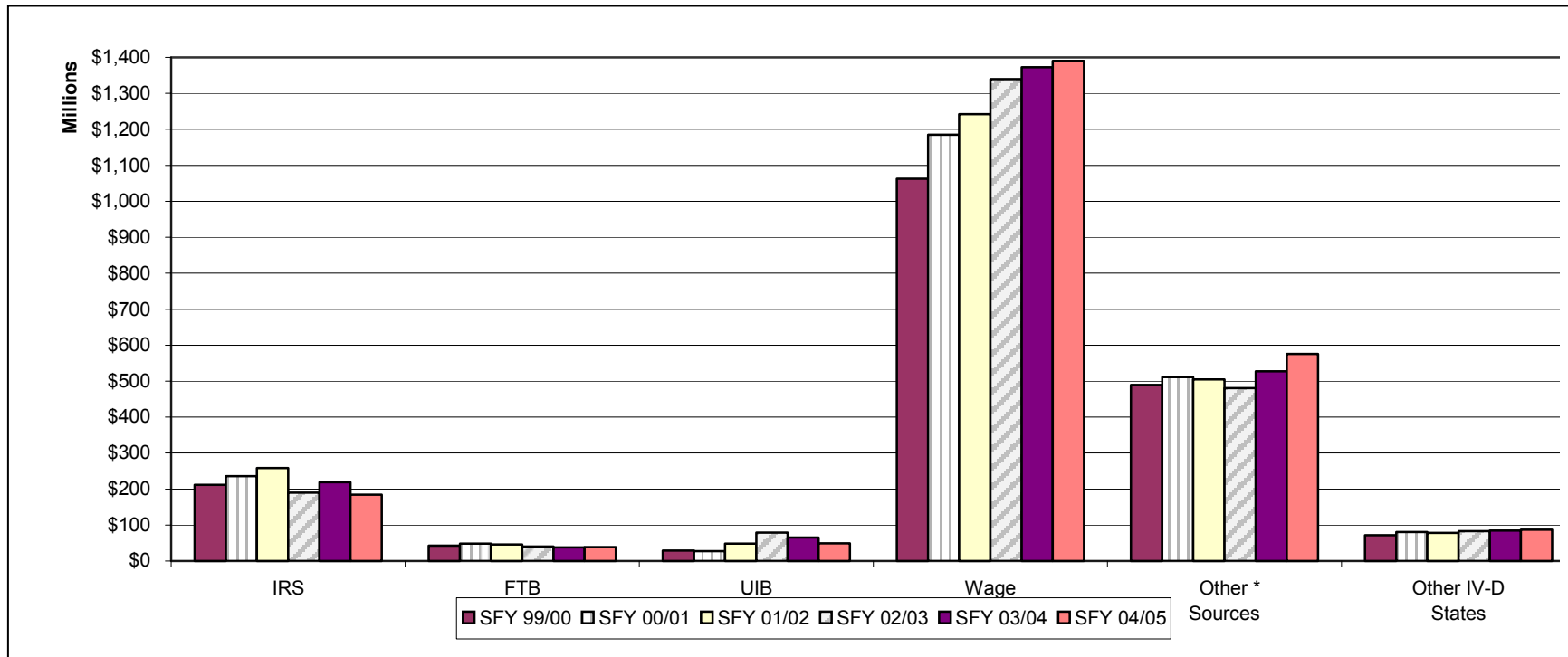
For SFY 2004-05, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 59.8 percent (\$1.4 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets amounted to 7.9 percent (\$184 million), and the Franchise Tax Board's (FTB) State income tax refund offsets amounted to 1.7 percent (\$38 million). The Unemployment Insurance Benefits offsets (UIB) amounted to 2.1 percent (\$49 million), and 3.7 percent (\$87 million) represents the collections received from Other IV-D States. The remaining 24.8 percent (\$576 million) are from all Other Sources received, which includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Offsets (DIB), and Full Collections Program (w/o wage levies). The FTB wage levies collections are included in Wage Withholding.



Source: Form OCSE-34/35A

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 1999-00 through SFY 2004-05. The year-to-year change from SFY 2003-04 to SFY 2004-05 for IRS intercepts had decreased (15.8%) and FTB intercepts had increased (0.8%). The UIB intercepts had also declined (25.0 %) during the same time period. Wage Withholdings had increased (1.3%). Other Sources and Other IV-D States had also increased (8.1% and 3.2% respectively).



Source: For SFY 1999-00 thru SFY 2001-02 used reports CS 820 Section A; For SFY 2002-03 through SFY 2004-05 used reports OCSE-34/35A.

* Other Sources includes, but is not limited to, Liens, Workers' Comp., Disability Insurance Benefits, CA Insurance Intercept Program, and FTB NonTax (w/o wage levies)

HISTORICAL INCENTIVE PERFORMANCE MEASURES

Federal incentive payments are now based on the state's performance in five measures plus annual data reliability compliance. (See Federal Performance Basic Incentives premise description). The chart below displays the minimum levels a state must meet in each performance measure to receive at least partial incentive payments. It also displays California's performance level from FFY 2001 to FFY 2004.

| Performance Measure | Federal Minimum Performance Level | FFY 2001 California Performance Level | FFY 2002 California Performance Level | FFY 2003 California Performance Level | FFY 2004 California Performance Level |
|--|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Paternity establishment percentage (IV-D caseload), or | 50.0% | NA | NA | NA | NA |
| Paternity establishment percentage (statewide PEP) | 50.0% | 139.6% ^{1/} | 108.7% | 105.9% | 117.8% |
| Percent of cases with orders | 50.0% | 71.9% | 77.5% | 76.3% | 78.1% |
| Percent of current support collected | 40.0% | 41.0% | 42.4% | 45.2% | 48.0% |
| Percent of cases with arrearage collections | 40.0% | 56.3% | 54.9% | 55.4% | 54.9% |
| Cost-effectiveness | \$2.00 | \$2.61 | \$1.91 | \$2.31 | \$2.12 |

Source: From OCSE 157 Child Support Enforcement Annual Statistical Report.

^{1/} In FFY 2001 the data was determined unreliable based on the federal Data Reliability Audit. Since FFY 2002, California has achieved data reliability compliance.

ALTERNATIVE FEDERAL PENALTY

The chart below reflects the alternative federal penalty amount paid from Federal Fiscal Year (FFY) 1998 through FFY 2005 to the federal government due to the absence of a single statewide automated child support system. The estimated FFY 2006 penalty amount is based on the November 2005 Estimate.

| Federal Fiscal Year | State Fiscal Year | Penalty Rate | Federal Share of Admin Cost | | Penalty Amount | Cumulative Penalty |
|---------------------|-------------------|--------------|-----------------------------|----------|----------------|--------------------|
| 1998 ^{1/} | 1997-98 | 4% | 299,101,576 | actual | 11,964,063 | 11,964,063 |
| 1999 ^{1/} | 1998-99 | 8% | 336,853,927 | actual | 26,948,314 | 38,912,377 |
| 2000 | 1999-00 | 16% | 406,251,058 | actual | 65,000,169 | 103,912,546 |
| 2001 | 2000-01 | 25% | 443,987,454 | actual | 110,996,864 | 214,909,410 |
| 2002 | 2001-02 | 30% | 524,839,706 | actual | 157,451,912 | 372,361,322 |
| 2003 | 2002-03 | 30% | 632,054,354 | actual | 189,616,306 | 561,977,628 |
| 2004 | 2003-04 | 30% | 640,234,774 | actual | 192,070,432 | 754,048,060 |
| 2005 ^{2/} | 2004-05 | 30% | 727,000,000 | estimate | 218,000,000 | 972,048,060 |
| 2006 ^{3/} | 2005-06 | 30% | 730,700,000 | estimate | 220,000,000 | 1,192,048,060 |

^{1/} California paid FFY 1998 and FFY 1999 penalty in SFY 1999-00, once the federal government determined the final amounts.

^{2/} The federal government allowed the State to defer the FFY 2005 penalty payment until September 2005, which is in SFY 2005-06.

^{3/} The federal government is allowing the State to defer the FFY 2006 penalty payment until September 2006, which is in SFY 2006-07.

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the local child support agency (LCSA) basic costs. LCSA basic costs are comprised of two components, Administrative costs and Electronic Data Processing (EDP) maintenance and operation (M&O). LCSA Administrative costs include salaries and benefits of county staff and operating costs. These administrative duties include case intake, collection and distribution of child support, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

The LCSA EDP M&O costs include direct personnel and contract services, and the maintenance of interim automated systems allowing the continued collections of child support. All EDP M&O costs are reflected in the most recent APDU.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions (W&I) Code Section 10085(a).
- The LCSAs non-federal share of Administrative costs is adjusted by the level of federal basic incentives estimated in State Fiscal Year (SFY) 2005-06 and SFY 2006-07.

METHODOLOGY:

Administration:

For SFY 2006-07, the LCSA Basic Administrative Cost is \$739,658,000, which includes \$30,000,000 increase comprised of \$20,000,000 FFP and \$10,000,000 county match funds for each county that elects to supplement the program with local matching funds.

EDP M&O:

The LCSA EDP M&O costs for SFY 2005-06 is \$130,428,000 and SFY 2006-07 is \$130,943,000 as reflected in the September 2005 annual APDU.

Basic Costs:

The combined total of Administrative and EDP M&O costs for SFY 2005-06 is \$870,086,000 and for SFY 2006-07 is \$870,601,000.

FUNDING:

Funding for this premise consists of 34 percent SGF and federal incentives, and 66 percent FFP matching funds.

Local Child Support Agency Basic Costs

CHANGE FROM APPROPRIATION:

For SFY 2005-06, there is no change.

For SFY 2006-07, the decrease of SGF is a result of the impact of Federal Performance incentives.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase is due to updating EDP M&O costs based on the most recent APDU.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$870,086 | \$870,601 |
| Federal | 621,438 | 623,852 |
| State | 238,648 | 236,749 |
| County | 10,000 | 10,000 |
| Reimbursements | 0 | 0 |

Federal Performance Basic Incentives

DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto California LCSAs are to be based on the five performance measures and the Data Reliability Audit (DRA) compliance. (See the Historical Incentive Performance Measures auxiliary chart A-9).

IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented October 1, 1999 and phased in over 3 years.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17704, Public Law (PL) 105.200.
- The federal government pays incentives based on PL 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of two for all distributed collections made in current and former assistance cases and adds never assistance collections to make up the state's collection base. Federal Fiscal Year (FFY) distributed collections were used from the CSE Program Quarterly Report of Collections (OCSE 34) reports. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assistance Collections} = \text{the state Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide PEP) =
 $\text{Out of Wedlock Children w/Paternity} \div \text{Total Out of Wedlock Children, Last FY}$
- Support Orders Established =
 $\text{Total Cases w/Support Orders} \div \text{Total Number of Cases}$
- Current Support Collected =
 $\text{Total Current Support Collected} \div \text{Total Current Support Owed}$

(The above three performance factors may each earn up to a performance level of 1.00 percent of the collection base).

Federal Performance Basic Incentives

KEY DATA/ASSUMPTIONS (CONTINUED):

- Cases Paying on Arrears =
Total Cases Paying Arrears ÷ Cases with Total Arrears Due
- Cost-Effectiveness =
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 0.75 percent of the collection base).

3. Data Reliability Audit

The five performance measures data that the state report annually is required to be determined complete and reliable through an audit. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and the potential issuance of a performance penalty.

4. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

5. Comparison with Other States

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

6. The Available Federal Incentive Pool

PL 105-200 established a set pool of available incentive funds for each FFY through FFY 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts for each federal fiscal year:

| | | | |
|------------|---------------|------------|---------------|
| • FFY 2000 | \$422,000,000 | • FFY 2005 | \$446,000,000 |
| • FFY 2001 | \$429,000,000 | • FFY 2006 | \$458,000,000 |
| • FFY 2002 | \$450,000,000 | • FFY 2007 | \$471,000,000 |
| • FFY 2003 | \$461,000,000 | • FFY 2008 | \$483,000,000 |
| • FFY 2004 | \$454,000,000 | | |

7. Determining the State's Incentive Entitlement

California's percentage of the available pool, as determined in number 5, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

Federal Performance Basic Incentives

METHODOLOGY:

The federal incentives are estimated using the methodology under PL 105-200. Based on the most recent information available, it is estimated that California will be entitled to \$47,292,000 federal incentives in SFY 2005-06 and \$49,192,000 in SFY 2006-07.

FUNDING:

The federal incentives earned for SFY 2005-06 and SFY 2006-07 reduces the local child support agencies' Basic Administrative SGF need by these same amounts. In addition, each \$1 of federal incentives can be matched with \$2 of federal funds for a total of \$139,094,000 in SFY 2005-06 and \$144,682,000 in SFY 2006-07.

CHANGE FROM APPROPRIATION:

For SFY 2005-06, there are no changes.

For SFY 2006-07, the incentives are projected to increase because the incentive pool increases.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2006-07, the federal incentives increased due to the increase of the federal incentive pool.

EXPENDITURES:

(in 000's)

| | 2005-06* | 2006-07* |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$0 | \$0 |
| Federal | 47,292 | 49,192 |
| State | -47,292 | -49,192 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

* The federal incentives are reflected as a non-add premise line, Federal Performance Basic Incentives, for display purposes only. The funds are reflected within the federal share of the Local Child Support Agency Basic Costs premise line.

SDU Implementation LCSA Workload

DESCRIPTION:

This premise reflects the net costs for the new child support enforcement collection activities and distribution functions required at the LCSA level due to implementation of the State Disbursement Unit (SDU). These costs include transition induced workload, such as misdirected payments and customer services calls; trust fund reconciliation; and new non IV-D case conversions.

Current funding for the Los Angeles collection and disbursement processing contract will continue to be funded within the LCSA Basic Administrative Costs until Los Angeles transitions to the SDU.

IMPLEMENTATION DATE:

This premise was implemented in SFY 2005-06.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080 and FC Section 17309.
- To determine the statewide LCSA cost impact, several LCSAs were surveyed.

METHODOLOGY:

Cost was determined from surveying several LCSAs.

FUNDING:

Funding for this premise consists of 66 percent federal funds, and 34 percent SGF.

CHANGE FROM APPROPRIATION:

For SFY 2005-06 there are no changes.

For SFY 2006-07, there is no appropriation for the purposes outlined in this premise as the local SDU implementation activities will be completed in 2005-06.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise is for SFY 2005-06 only.

SDU Implementation LCSA Workload

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$2,234 | \$0 |
| Federal | 1,474 | 0 |
| State | 760 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

EDP Conversion and Enhancements

DESCRIPTION:

The DCSS Pre-Statewide Interim Systems Management (PRISM) project is responsible for ensuring all LCSAs have an automation system that will allow them to continue their child support services while the single statewide child support automation system, known as California Child Support Automation System (CCSAS), is being developed and implemented.

DCSS is tasked with reducing the number of LCSA interim automation systems from over 30 to two consolidated consortia systems: ACSES Replacement System (ARS), and Computer Assisted Support Enforcement System (CASES).

DCSS is charged with continuing to monitor maintenance and operations and direct enhancements to the remaining consortia systems. This premise reflects costs to modify ARS and CASES consortia systems to meet Federal and State regulatory, policy, and reporting requirements for Version 1 of CCSAS.

IMPLEMENTATION DATE:

This premise was implemented April 1, 1998.

KEY DATA/ASSUMPTIONS:

Authorizing statute: W&I Code Section 10085.

Conversions

As reported in the September 2005 As Needed APDU, DCSS has completed the conversion of the local systems to the two consolidated consortia systems: ARS and CASES.

Enhancements

Enhancements needed for State mandates, and other business needs, are included in this premise. The total funding request for the ARS and CASES modifications in 2005-06 is \$4,321,000.

METHODOLOGY:

The costs are based on the most recent annual APDU. Funding:

- Costs for this premise are fully funded with SGF. The Administration for Children and Families (ACF) will not participate in the share of costs.

CHANGE FROM APPROPRIATION:

For SFY 2005-06, there is a reduction to the cost of ARS and CASES modifications.

For SFY 2006-07, there is no appropriation for the purposes outlined in this premise as conversion was completed in SFY 2005-06.

EDP Conversion and Enhancements

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2006-07 does not contain an appropriation for the purpose outlined in this premise.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|-------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin</u> |
| Total | \$4,231 | \$0 |
| Federal | 0 | 0 |
| State | 4,231 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Alternative Federal Penalty

DESCRIPTION:

This premise reflects the alternative federal penalty for failure to have in place by October 1, 1997 a single statewide automated child support system as required by federal law. California's Statewide Automated Child Support System (SACSS) effort was unsuccessful and was terminated in late 1997. As a result, California has been subjected to federal fiscal penalties since FFY 1998 and began paying penalties in SFY 1999/00.

Pursuant to PL 105-200, the Child Support Performance and Incentive Act of 1998, allows the Secretary of the Department of Health and Human Services to waive current penalties and impose an alternative penalty if states have made good faith efforts to meet the federal automation requirements. California is operating under the alternative penalty structure. The penalty amounts are currently assessed at 30 percent.

IMPLEMENTATION DATE:

This premise was implemented in SFY 1999-00.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10088(a).
- The FFY 2005 federal penalty imposed is based on 30 percent of the estimated FFY 2004 federal administrative expenditures.
- On May 13, 2004, the ACF approved California's request to defer the FFY 2005 penalty payment from SFY 2004-05 to September 2005.
- The FFY 2006 federal penalty imposed is based on 30 percent of the estimated FFY 2005 federal administrative expenditures, including the estimated CCSAS costs. On March 25, 2005, the ACF approved another request that allowed the State to defer the FFY 2006 penalty payment from SFY 2005-06 to September 2006.

METHODOLOGY:

- The SFY 2005-06 penalty amount estimated to be \$218,000,000 reflects the federal penalty for FFY 2005. This cost was calculated by using the estimated FFY 2004 federal expenditure of \$720,000,000. This was then multiplied by the penalty rate of 30 percent.
- The SFY 2006-07 cost is estimated to be \$220,000,000 which reflects the federal penalty for FFY 2006. This cost was calculated using the projected FFY 2005 federal expenditure of \$730,700,000. This was then multiplied by the penalty rate of 30 percent. This payment is being deferred until September 2006.

Alternative Federal Penalty

FUNDING:

The federal penalty costs are funded with 100 percent SGF.

CHANGE FROM APPROPRIATION:

For SFY 2005-06, there is no change.

For SFY 2006-07, the increase is due to an increase of estimated expenditures.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2006-07 the increase is due to an increase of estimated expenditures.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$218,000 | \$220,000 |
| Federal | 0 | 0 |
| State | 218,000 | 220,000 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Child Support Collection Enhancements (Administration)

DESCRIPTION:

Chapter 225, Statutes of 2003 enhanced child support collections by: (1) establishing the Compromise of Arrears Program (COAP) to compromise arrears and interest owed as reimbursement for public assistance; (2) enhancing the Financial Institution Data Match (FIDM) program to include cases with active wage assignments and simplifying the process to liquidate securities held by financial institutions; (3) amending the Low-Income Adjustment to the child support guideline; and (4) reducing the Presumed Income level used to establish a support order when no other income information is available, to minimum wage.

This premise provides funds to LCSAs for the activities associated with COAP and changes to the Presumed Income level.

Due to the extensive activity involved in developing and refining COAP, the statewide program implementation date was delayed until July 1, 2005. In the meantime, Interim (I)-COAP was implemented in March 2004. I-COAP allowed a compromise of arrears in arrears-only cases in exchange for a single lump sum payment. Also, a pilot program of COAP was implemented January 2004 in five LCSAs: Amador, San Diego, Santa Cruz/San Benito, Solano, and Sonoma.

IMPLEMENTATION DATE:

This premise was implemented on August 11, 2003 as urgency legislation. Under current statute, the COAP sunsets on January 1, 2007. The Department has proposed trailer bill language to extend the program until June 30, 2008 and includes new language that states: "Local Child Support Agencies will honor repayment schedules for the compromise program beyond the sunset date of June 30, 2008, in order to allow for successful completion of these compromise agreements."

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17560.

COAP

- Assume 10,250 applications received based on Collectibility Study Report of 840,000 debtors, 28 percent have 72 percent of the debt, and 5 percent is the targeted population ($840,000 * 28\% * 5\% = 12,000$) less 1,750 applications processed at the State level.
- Assume out of the 10,250 applications that 7,250 are processed by the LCSA staff and require four hours for each case review.
- Assume remaining 3,000 applications require two hours of LCSA case review for applications processed by the Community Based Organization (CBO).
- Assume reduction of 25 percent on case reviews due to existing activities.
- Assume \$36 an hour for a fully loaded caseworker (includes all operating costs, direct services and administration).

Child Support Collection Enhancements (Administration)

KEY DATA/ASSUMPTIONS (CONTINUED):

Presumed Income Adjustment

- Assume 64,905 cases paid and require review. This assumes that 50 percent of the 1,434,766 cases with support orders established (CS 157 Report, 12/02) were post-1997 established (when presumed income began), 70 percent of those cases were established by default, 47 percent of those default cases used presumed income, 50 percent of those cases would not be set aside because they had a collection over one year ago, and the 55 percent of the remaining cases a payment would be received and reviewed by an LCSA staff ($1,434,766 * 50\% * 70\% * 47\% * 50\% * 55\% = 64,905$).
- Assume one half-hour review time at \$17.72 per case based on a LCSA caseworker hourly wage.
- Assume 40 percent of the cases reviewed would qualify to be filed in court for set aside ($64,905 * 40\% = 25,962$).
- Assume two hours to file at \$70.87 per case based on a LCSA caseworker hourly wage.

Low Income Adjustment

DCSS assumes that the Administrative costs for Low Income Adjustments are included in the case review process for Presumed Income.

Federal Incentives Impact

Assume performance level in current support payments and arrears support payments would improve as a result of this premise.

METHODOLOGY:

COAP

- Applied four hours of review to the 7,250 applications processed by the LCSA staff and two hours of review to the 3,000 applications processed by the CBO resulting in 35,000 hours of case review, which was reduced by 25 percent due to existing collections activities. The net hours of review (26,250) was multiplied by the average hourly caseworker cost of \$36 resulting in a total cost of \$945,000 for both SFY 2005-06 and SFY 2006-07.

Enhanced FIDM

- Enhanced FIDM administration federal share of costs are reflected in the DCSS state operations budget. Enhanced FIDM administration has been transferred from FTB to DCSS July 1, 2005. Prior to the transfer, the 34 percent SGF share of costs were reflected in the FTB state operations budget.

Child Support Collection Enhancements (Administration)

METHODOLOGY (CONTINUED):

Presumed Income Adjustment

- Applied the half-hourly wage of \$17.72 to the 64,905 cases that would be reviewed by LCSA caseworkers resulting in a cost of \$1,150,000. In addition, 40 percent of those cases (25,962) would require two additional hours of LCSA caseworker review at \$70.87 to file in court for set aside. This would result in additional costs of \$1,840,000. The combined total cost is \$2,990,000 for both SFY 2005-06 and SFY 2006-07.

Federal Incentives Impact (specifically related to COAP collections)

- For SFY 2005-06, the previously estimated federal incentives of \$2,127,000 were reduced by \$904,000, to correspond to the reduction in anticipated COAP collections. This results in a net amount of \$1,223,000.
- For SFY 2006-07, the incentive funds are estimated to be \$1,850,000 based on the anticipated COAP collections.

FUNDING:

The administration costs are funded with 66 percent FFP and 34 percent SGF.

CHANGE FROM APPROPRIATION:

There is no change to the total expenditures, however funding was shifted as a result of federal incentive adjustments.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change to the total expenditures, however funding was shifted as a result of federal incentive adjustments.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$3,935 | \$3,935 |
| Federal | 3,820 | 4,447 |
| State | 115 | -512 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

California Child Support Automation System – SDU

DESCRIPTION:

The State Disbursement Unit (SDU) is one of two components of the single statewide child support system. The Child Support Enforcement (CSE) component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and distribute child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

Chapter 479 of the Statutes of 1999 requires FTB to procure the CCSAS-SDU. This premise provides the funds necessary to support, 1) the SDU Service Provider (SP) contract, 2) the LCSA staff assigned to the CCSAS-SDU project as subject matter experts (SME), 3) the technical staff for the planning and implementation, and 4) the procurement activities of FTB.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): W&I Code Section 10080 and Family Code Section 17309.
- The federal fund pass-through to FTB includes costs for FTB staff.
- There are two LCSA SMEs for the collection and distribution activities and one technical staff for the planning and implementation.
- Reflects costs for the SP contract to develop, implement, and perform statewide collection and distribution activities.

METHODOLOGY:

- Resource estimates are based on workload required to support the planning activities for the procurement and the implementation of the CCSAS-SDU.
- SP costs are based on the most recent SDU Special Project Report (SPR#1) and related Economic Analysis Worksheets (EAW).

FUNDING:

- The Title IV-D federal funds passed through to FTB for CCSAS-SDU represent 66 percent funding for project planning costs.
- The funds to support LCSA staff and the SP contract are funded at 66 percent federal funds, and 34 percent State General Fund (SGF).

California Child Support Automation System - SDU

CHANGE FROM APPROPRIATION:

For SFY 2005-06 and SFY 2006-07, the increase is due to increased costs for the service provider reflecting the change in the implementation strategy.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2006-07 is due to increased costs for the service provider and reflects changes in the implementation strategy.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$21,889 | \$37,739 |
| Federal | 14,536 | 24,212 |
| State | 7,353 | 13,527 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

California Child Support Automation System – CSE

DESCRIPTION:

Pursuant to W&I Code Section 10080(b)(3), FTB has been designated, as the agent for the DCSS project owner, as the entity responsible for the procurement, development, implementation, and maintenance of the single statewide automated system in accordance with the state's child support (Title IV-D) plan.

This premise reflects the federal funds pursuant to AB 150 (Chapter 479, Statutes of 1999) as a pass through to the FTB for the development and implementation of the CCSAS-CSE component. DCSS is the single state agency for the Title IV-D funds; therefore, federal funds for CCSAS are budgeted by DCSS and passed through as a reimbursement to FTB. The SGF match is budgeted by FTB.

In addition, this premise reflects the federal funds and SGF to backfill LCSA staff who are assigned full-time to the CCSAS project as SMEs for child support program business practices and CSE system functionality.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080.
- The pass-through to FTB includes costs for FTB staff as well as the Business Partner (BP), IBM Alliance, contract cost.
- DCSS has contracted with LCSAs to provide SMEs on site full-time in Sacramento to support the CCSAS CSE project, and have SMEs available for consultation throughout the life of the project.
- The post-bridge conversion activities include establishing the LCSA CASES Host Environments, incorporating the LCSAs into CASES processes and procedures, providing technical support for local system configuration, and loading converted data.

METHODOLOGY:

This premise reflects the most recent submitted September 2005 APDU, CSE SPR #5, and related EAWs.

California Child Support Automation System - CSE

FUNDING:

- The Title IV-D federal funds passed through to FTB for CCSAS-CSE represent 66 percent funding for project implementation costs.
- The post conversion costs for the LCSAs are funded 66 percent federal funds and 34 percent SGF.
- The funding required to support the intermittent use of LCSA SMEs are funded 66 percent federal funds and 34 percent SGF.

CHANGE FROM APPROPRIATION:

For SFY 2005-06, the decrease is due to the shifts in the Business Partner payments as a result of a schedule change in San Bernardino County's conversion date and Balanced Scorecard payment shifts, as well as a change in the Version 1 implementation strategy and schedule.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2006-07, the decrease is due to the change in the Version 1 and Version 2 implementation strategy resulting in shifts in the Business Partner contract payments.

EXPENDITURES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|--------------------|--------------------|
| | <u>LCSA Admin.</u> | <u>LCSA Admin.</u> |
| Total | \$149,112 | \$141,469 |
| Federal | 147,971 | 138,377 |
| State | 1,141 | 3,092 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which are utilized to fund the federal share of local assistance administrative funds to LCSAs.

The Child Support Collections Recovery Fund (CSCRF) includes Title IV-A and Title IV-E child support collections. The Title IV-E share of the CSCRF is reflected in the California Department of Social Services local assistance budget.

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: FC Section 17702.5.

METHODOLOGY:

- For SFY 2005-06, the CSCRF (\$273,032,000) are based on the estimated sum of the federal share of child support assistance collections (\$287,907,000) less the estimated sum of the federal share of foster care (FC) collections (\$14,875,000).
- For SFY 2006-07, the CSCRF (\$269,722,000) are based on the estimated sum of the federal share of child support assistance collections (\$284,416,000) less the estimated sum of the federal share of FC collections (\$14,694,000).

FUNDING:

This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

CHANGE FROM APPROPRIATION:

For SFY 2005-06 and SFY 2006-07, the decrease is due to the lower forecasts of Assistance Child Support Collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2006-07 is due to the projected decline in assistance collections.

Child Support Collections Recovery Fund

REVENUES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|-----------------|-----------------|
| | <u>Revenues</u> | <u>Revenues</u> |
| Total | \$273,032 | \$269,722 |
| Federal | 273,032 | 269,722 |
| State | 0 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Child Support Program - Basic Collections

DESCRIPTION:

This premise reflects the various sources of basic distributed child support collections that go directly to families. In addition, it reflects the amount of revenue collected on behalf of federal, state, or county government for the recoupment of past welfare costs.

Basic collections represent the ongoing efforts of the LCSA to collect child support payments from non-custodial parents and distribute those payments directly to families or to government to repay past welfare costs. Besides child support payment data, significant factors that affect basic collections include minimum awards, wage assignments, and intercepts. The Full Collections Program collections and the \$50 State Disregard Payments to Families are reflected as separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 11477.
- The child support payment data for assistance and nonassistance collections are based on the LCSAs' CS 34 Monthly Report of Collections and Distributions, and the CS 35 Supplement to Monthly Report of Collections and Distribution beginning July 2003 through June 2005.
- Assumes assistance collections are 29 percent and nonassistance collections are 71 percent of total collections based on SFY 2004-05 actual collection data.
- The child support collections to other states and miscellaneous collections data are based on the LCSAs' SFY 2004-05 actual data. The data is reported monthly on the CS 34 and the CS 35 Reports.

METHODOLOGY:

- Actual assistance distributed collections are reported monthly on the CS 34/35 Reports. \$50 Disregard payments to families are reported on the monthly CS 35 Reports. These were used to construct a 24-month trend from July 2003 through June 2005. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Actual nonassistance distributed collections are reported monthly on the CS 34/35 Reports. Actuals from the July 2003 through July 2005 CS 34/35 Reports were used to construct a 24-month trend. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance Collections for Other States are reported on the CS34/35 Reports. For SFY 2005-06 and SFY 2006-07, the trend forecasts growth of assistance collections were applied to the SFY 2004-05 actuals to arrive at \$3,056,000 in SFY 2005-06 and \$2,971,000 for SFY 2006-07.
- Nonassistance Collections for Other States are reported on the CS 34/35 Reports. For SFY 2005-06 and SFY 2006-07, the trend forecasts growth of nonassistance collections were applied to the SFY 2004-05 actuals to arrive at \$111,325,000 in SFY 2005-06 and \$114,776,000 for SFY 2006-07.

Child Support Program - Basic Collections

METHODOLOGY (CONTINUED):

- Assistance Miscellaneous Collections consists of Assistance Medical Support, Pass-On, and Excess Collections. Pass-On and Excess Collections are reported on the CS 35 report. Medical Support is reported on the CS 34 report. For SFY 2005-06 and SFY 2006-07, the trend forecasts growth of assistance collections were applied to SFY 2004-05 actuals to arrive at Miscellaneous Assistance collections for SFY 2005-06 of \$1,267,000 and \$1,231,000 for SFY 2006-07.
- The Nonassistance Miscellaneous Collections consist of Nonassistance Medical Support which is reported on the CS 34 report. For SFY 2005-06 and SFY 2006-07, the trend forecasts growth of nonassistance collections were applied to the SFY 2004-05 actuals to arrive at Miscellaneous Collections for SFY 2005-06 of \$1,137,000 and \$1,173,000 for SFY 2006-07.

FUNDING:

- Collections made on behalf of nonassistance families are forwarded directly to custodial parents.
- Collections made on behalf of other states are forwarded directly to other states for distribution.
- Collections for assistance families are retained and serve as recoupment of past welfare costs.
- The assistance collections are shared based on the FMAP. See Appendix A for detail.

CHANGE FROM APPROPRIATION:

The May 2005 Revision was based on 30 months of trend data: September 2002 through February 2005. For this estimate, the trend data was reduced to the most recent 24 months of trend data, July 2003 through June 2005, as this data is more reflective of current collection activities in the local child support agencies. This change resulted in a decrease of projected collections for SFY 2005-06 and SFY 2006-07.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2006-07 increase is due to the overall projected growth in nonassistance collections based on historical trend.

Child Support Program - Basic Collections

COLLECTIONS:

(in 000's)

| | 2005-06 <u>Collections</u> | 2006-07 <u>Collections</u> |
|------------------------------|-------------------------------|-------------------------------|
| Assistance Total | \$592,595 | \$583,130 |
| Federal | 272,729 | 268,373 |
| State | 285,263 | 280,707 |
| County | 34,603 | 34,050 |
| Other | 0 | 0 |
| Nonassistance | 1,569,978 | 1,631,714 |
| Collections For Other States | | |
| Assistance | 3,056 | 2,971 |
| Nonassistance | 111,325 | 114,776 |
| Miscellaneous Collections | | |
| Assistance | 1,267 | 1,231 |
| Nonassistance | 1,137 | 1,173 |
| Grand Total ^{1/} | \$2,279,358 | \$2,334,995 |

^{1/} Grand Total does not include Full Collections Program, \$50 Disregard, or other collections described in separate premise items.

\$50 State Disregard Payment to Families

DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Under the provision of PL 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the federal government discontinued FFP in the disregard payment to the family as of October 1, 1996. Forwarding the disregard portion of the collection to the family instead of retaining it as revenue to the State results in reduced collection revenues.

IMPLEMENTATION DATE:

This premise was implemented in SFY 1984-85.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17504.
- The child support payment data are based on the LCSA's monthly CS 35 reports, Assistance Related Distribution/Disbursement Summary, beginning with July 2003 through June 2005.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated utilizing 24 months of data from the CS 35 reports, from July 2003 through June 2005.
- The cost is counted toward the State's TANF Maintenance of Effort (MOE) requirement.

FUNDING:

- The reduced collection revenues associated with the \$50 disregard are 100 percent SGF.
- The costs are reflected in CDSS budget as additional TANF/MOE expenditures.
- Funding source for the costs are reflected in DCSS collections table as Other to display the amount of collections paid to the families.

\$50 State Disregard Payment to Families

CHANGE FROM APPROPRIATION:

For SFY 2005-06 and SFY 2006-07, the disregard payments increased because actual trend data is increasing.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase reflects current trends in the \$50 disregard payments.

COLLECTIONS:

(in 000's)

| | 2005-06 <u>Collections</u> | 2006-07 <u>Collections</u> |
|---------|-------------------------------|-------------------------------|
| Total | \$31,962 | \$33,496 |
| Federal | 0 | 0 |
| State | 0 | 0 |
| County | 0 | 0 |
| Other | 31,962 | 33,496 |

Full Collections Program

DESCRIPTION:

This premise reflects the non-tax collections obtained by the Full Collections Program resulting from the collections from cases that are delinquent in child support payments by 60 days pursuant to Senate Bill (SB) 542 (Chapter 480, Statutes of 1999), effective January 1, 2000. AB 3589 (Chapter 1223, Statutes of 1992) implemented the project. The Full Collections Program sends demand for payment notices and processes bank, wage and miscellaneous levies on accounts for child support collections based on county referrals.

In addition, AB 702 (Chapter 697, Statutes of 1997) required a data match between the FTB and financial institutions doing business in the State. Its purpose was to discover and levy otherwise unknown assets of delinquent child support obligors. The data match was required by federal mandate, PL 104-193, the PRWORA of 1996.

FTB program costs were funded through the Department's state operations at 66 percent federal financial participation and 34 percent SGF and were passed on to FTB through an interagency agreement until July 1, 2005. The Full Collections Program was transferred from FTB to DCSS Operations Division effective July 1, 2005, and is now funded through state operations at 66 percent federal financial participation and 34 percent SGF.

IMPLEMENTATION DATE:

March 1, 1993 – Non-Financial Institution Data Match (Non-FIDM)

July 1, 1998 – FIDM

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17501; Revenue and Taxation Code Sections 19271.5(a) and 19271.6.
- The estimated collections were provided by FTB based on prior actual experience. The Non-FIDM estimate was reduced in SFY 2006-07 to reflect the updated assumption regarding FTB activities for demand and wage withholdings.
- The assistance and nonassistance distribution ratios were changed from FTB historical collections data (46.13/53.87 percent) to the DCSS SFY 2004-05 CS 34 Monthly Report of Collections and Distributions, and CS 35 Supplement to Monthly Report of Collections and Distribution data (29/71 percent).

FIDM Collections

- Collections are based on data provided by the Full Collections Program as a result of banks and other financial institutions' participation.

Non-FIDM Collections

- Collections are based on demands, bank levies, wage levies, out-of-state referral notices, and out-of-state contract collections provided by the Full Collections Program.

Full Collections Program

METHODOLOGY:

FIDM Collections

For SFYs 2005-06 and 2006-07, the total FIDM collections (\$23,649,000 per year) were multiplied by the assistance ratio of 29 percent resulting in an assistance collection amount of \$6,858,000. The same total FIDM collection amount of \$23,649,000 was multiplied by the nonassistance ratio of 71 percent resulting in a nonassistance collection amount of \$16,791,000.

Non-FIDM Collections

- For SFY 2005-06, the total non-FIDM collections (\$15,895,000) were multiplied by the assistance ratio of 29 percent resulting in an assistance collection amount of \$4,610,000. The remaining 71 percent are estimated nonassistance collections of \$11,285,000.
- For SFY 2006-07, the total non-FIDM collections (\$11,895,000) were multiplied by the assistance ratio of 29 percent resulting in an assistance collection amount of \$3,450,000. The remaining 71 percent are estimated nonassistance collections of \$8,445,000.

Net Collections

- For SFY 2005-06, the combined total of assistance non-FIDM collections (\$4,610,000), and FIDM collections (\$6,858,000) totals \$11,468,000. The nonassistance non-FIDM collections (\$11,285,000) and FIDM (\$16,791,000) totals \$28,076,000.
- For SFY 2006-07, the combined total of assistance non-FIDM collections (\$3,450,000), and FIDM (\$6,858,000) totals \$10,308,000. The nonassistance non-FIDM collections (\$8,445,000) and FIDM (\$16,791,000) totals \$25,236,000.

FUNDING:

The assistance collections are shared based on the FMAP. See Appendix A for detail.

CHANGE FROM APPROPRIATION:

For SFY 2005-06, the non-FIDM collections were increased to reflect the carryover of three months of activities on wage withholdings, through September 30, 2005, by the Full Collections Program. The appropriation for SFY 2005-06 assumed activities on wage withholdings would end July 1, 2005. These activities are being performed by the LCSAs and the collections are reflected in Basic Collections.

For SFY 2006-07, the non-FIDM collections were decreased because the carryover activities are no longer included.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2006-07, the non-FIDM collections were decreased because the carryover activities are no longer included.

Full Collections Program

COLLECTIONS:

(in 000's)

| | 2005-06 <u>Collections</u> | 2006-07 <u>Collections</u> |
|--------------------|-------------------------------|-------------------------------|
| Assistance Total | \$11,468 | \$10,308 |
| Federal | 5,278 | 4,744 |
| State | 5,520 | 4,962 |
| County | 670 | 602 |
| Other | 0 | 0 |
| Non-Assistance | 28,076 | 25,236 |
| Combined Total | \$39,544 | \$35,544 |

Child Support Collection Enhancements (Collections)

DESCRIPTION:

Pursuant to AB 1752 (Chapter 225, Statutes of 2003) the Legislature adopted four proposals to enhance child support collections. The proposals included (1) establishment of COAP by DCSS to compromise arrears and interest owed as reimbursement for public assistance; (2) enhancement of the FIDM program to include cases with active wage assignments and simplification of the process to liquidate securities held by financial institutions; (3) changes to the Low-Income Adjustment to the child support guideline; and (4) reduction of the Presumed Income level, used to establish a support order when no other income information is available, from the Minimum Basic Standard of Adequate Care to minimum wage.

This premise reflects the child support collections resulting from the COAP, Enhanced FIDM program, Low-Income Adjustment program, and the Presumed Income program.

Due to the extensive activity involved in developing COAP, the statewide program implementation date was delayed until July 1, 2005. In the meantime, I-COAP was implemented in March 2004. I-COAP allowed a compromise of arrears in arrears-only cases in exchange for a single lump sum payment. A pilot program of COAP was implemented in January 2004 in five LCSAs: Amador, San Diego, Santa Cruz/San Benito, Solano, and Sonoma. Since the pilot program has been implemented, collections of \$4,500,000 have been received.

IMPLEMENTATION DATE:

This premise was implemented on August 11, 2003 as urgency legislation. Under the current statute, the COAP sunsets on January 1, 2007. The Department has proposed trailer bill language to extend the program to June 30, 2008 and included new language that states: "Local Child Support Agencies will honor repayment schedules for the compromise program beyond the sunset date of June 30, 2008, in order to allow for successful completion of these compromise agreements."

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17560.

COAP

- Assumed caseload will begin at a baseline level of 1,571 in July 2005 and phase in to 4,190 by July 2006. It was assumed that caseload will be maintained at the 4,190 level through SFY 2006-07.

Enhanced FIDM

- Due to delayed implementation in SFY 2004-05, assume collections from Enhanced FIDM for seven months of backlog cases. For SFY 2005-06, five months of backlog cases and seven months of ongoing cases.

Child Support Collection Enhancements (Collections)

KEY DATA/ASSUMPTIONS (CONTINUED):

Presumed Income Adjustment and Low Income Adjustment

DCSS assumes collecting 60 percent of Current Support due of 20 percent of Default Cases with Presumed Income collected of which 33 percent are Assistance Collections. Of the Assistance Collections, 80 percent are assumed Presumed Income Adjustment and 20 percent are assumed Low Income Adjustments.

METHODOLOGY:

COAP

DCSS assumes arrearage collections of approximately \$5,900,000 (\$2,800,000 SGF) in SFY 2005-06 and \$8,900,000 (\$4,300,000 SGF) in SFY 2006-07.

Enhanced FIDM

Enhanced FIDM collections were based on previous experience with the existing FIDM program. Implementation was delayed, resulting in seven months of collections for SFY 2004-05 and 12 months of collections for SFY 2005-06 and 2006-07. It is assumed that \$2,000,000 (\$1,000,000 SGF) will be collected for both SFYs 2005-06 and 2006-07.

Presumed Income Adjustment

DCSS assumes collecting 60 percent of Current Support Due (\$240) of 20 percent of Default Cases (118,010) with Presumed Income collected of which 33 percent are Assistance collections, \$13,600,000 (\$6,300,000 SGF) and 80 percent are Presumed Income Adjustment \$10,900,000 (\$5,300,000 SGF) for both SFYs 2005-06 and 2006 07.

Low Income Adjustment

DCSS assumes collecting 60 percent of Current Support Due (\$240) of 20 percent of Default Cases (118,010) with Presumed Income collected of which 33 percent are Assistance collections, \$13,600,000 (\$6,300,000 SGF) and 20 percent are Low Income Adjustment, \$2,700,000 (\$1,300,000 SGF) for both SFYs 2005-06 and 2006-07.

FUNDING:

The assistance collections are shared based on the FMAP. See Appendix A for detail.

CHANGE FROM APPROPRIATION:

For SFY 2005-06 and SFY 2006-07, the estimates were updated to reflect a growing caseload for COAP in SFY 2005-06 and a full caseload in SFY 2006-07.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in collections is due to full implementation of COAP in SFY 2006-07.

Child Support Collection Enhancements (Collections)

REVENUES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|-----------------|-----------------|
| | <u>Revenues</u> | <u>Revenues</u> |
| Total | \$21,509 | \$24,548 |
| Federal | 9,900 | 11,299 |
| State | 10,354 | 11,816 |
| County | 1,255 | 1,433 |
| Reimbursements | 0 | 0 |

Foster Parent Training Fund Transfer

DESCRIPTION:

This premise reflects the Foster Parent Training Fund Transfer. W&I Code Section 903.7(b) provides that the difference between the net state share of the estimated child support FC collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Children and Parent Training Fund, but not to exceed \$3,000,000.

The program is administered by the community colleges, in consultation with the California State Foster Parents Association and California Department of Social Services.

IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic assistance distributed collections and the state share of all of the child support assistance collections premises, is \$13,935,000 for SFY 2005-06, and \$13,753,000 for SFY 2006-07.
- The FC estimated state share of incentives is \$5,500,000 for SFY 2005-06, and for SFY 2006-07.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year will not exceed \$3,000,000 pursuant to AB 444 (Chapter 1022, Statutes of 2002).

METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$13,935,000 for SFY 2005-06, and \$13,753,000 for SFY 2006-07.

Foster Parent Training Fund Transfer

METHODOLOGY (CONTINUED):

- For SFY 2005-06, the net state share of FC collections, which is \$8,435,000, is the result of deducting the estimated state share of FC incentives, \$5,500,000, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$4,685,000. Since the amount transferred in a state fiscal year cannot exceed \$3,000,000, only \$3,000,000 will be transferred.
- For SFY 2006-07, the net state share of FC collections, \$8,253,000, is the result of deducting the estimated state share of FC incentives, \$5,500,000, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$4,503,000. Since the amount transferred in a state fiscal year cannot exceed \$3,000,000 million, only \$3,000,000 million will be transferred.

FUNDING:

The amount transferred to the Foster Children and Parent Training Fund is derived from the state share of FC collections which is 100 percent SGF.

CHANGE FROM APPROPRIATION:

For SFY 2004-05 and SFY 2005-06, there is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

REVENUES:

(in 000's)

| | 2005-06 | 2006-07 |
|----------------|-----------------|-----------------|
| | <u>Revenues</u> | <u>Revenues</u> |
| Total | -\$3,000 | -\$3,000 |
| Federal | 0 | 0 |
| State | -3,000 | -3,000 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Title IV-E Child Support Collections Offset

DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of FC child support collections as determined by DCSS. DCSS is responsible for remitting to CSCRF the federal share of FC collections as reported to the federal government. The FC child support collections offset the Title IV-E share of FC expenditures.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Social Security Act Section 457 (6)(e)(1).
- It is assumed that 7.91 percent of the total assistance child support distributed collections are FC collections and 60.12 percent of the FC collections are federally eligible. This is based on actual updated collection data reported on the CS 34 and 35 Reports, Summary Reports of Child and Spousal Support Payments for July 2004 through June 2005.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures at DCSS based on federal Office of Child Support Enforcement Action Transmittal letter 03-04, dated September 26, 2003.
- The FMAP rate is assumed to be 50 percent for the period of July 1, 2005 through June 30, 2007.

METHODOLOGY:

- For SFY 2005-06, the FC share of collections percentage (7.91 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 60.12 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$14,875,000.
- For SFY 2006-07, the FC share of collections percentage (7.91 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 60.12 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$14,694,000.

FUNDING:

This premise identifies the Title IV-E funds as remitted to the CSCRF.

Title IV-E Child Support Collections Offset

CHANGE FROM APPROPRIATION:

For SFY 2005-06 and SFY 2006-07, the offset decreased slightly as a result updating the foster care percentage of assistance collections and the percentage of federally eligible foster care collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The slight decrease in SFY 2006-07 reflects the forecasted decrease in FC collections.

REVENUES:

(in 000's)

| | 2005-06 <u>Revenues</u> | 2006-07 <u>Revenues</u> |
|----------------|----------------------------|----------------------------|
| Total | -\$14,875 | \$-14,694 |
| Federal | -14,875 | -14,694 |
| State | 0 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- **Data Reliability Audit**

This premise is not needed because California has achieved data reliability since FFY 2002.

| SFY 2004-05 | SFY 2005-06 | SFY 2006-07 |
|-------------|-------------|-------------|
| \$0 | \$0 | \$0 |

- **Co-Located One Stop for NCP**

This premise was discontinued because the project ended in 2004-05.

| SFY 2004-05 | SFY 2005-06 | SFY 2006-07 |
|-------------|-------------|-------------|
| \$97,000 | \$0 | \$0 |

- **Child Support Assurance Demonstration Project Evaluation**

This premise was discontinued because the project was not implemented.

| SFY 2004-05 | SFY 2005-06 | SFY 2006-07 |
|-------------|-------------|-------------|
| \$321,000 | \$0 | \$0 |

CHILD SUPPORT PROGRAM REVENUE AND COLLECTIONS:

- **California Insurance Intercept Project Collections**

This premise was discontinued because the collections are included in the most recent actual collections data that are used to develop the estimated Basic Collections premise. DCSS has demonstrated program cost effectiveness based on collections for SFY 2004 05.

| SFY 2004-05 | SFY 2005-06 | SFY 2006-07 |
|-------------|-------------|-------------|
| \$2,925,000 | \$2,039,000 | \$0 |

Appendix A

Federal Medical Assistance Percentage (FMAP)

The assistance collections are shared based on the Federal Medical Assistance Percentage (FMAP) and the nonfederal sharing ratios. These percentages are reflected below:

| <u>ASSISTANCE:</u> | July 2005 – June 2007 | <u>ASSISTANCE</u> <u>Nonfederal:</u> | July 2005 – June 2007 |
|---------------------|-----------------------|--|-----------------------|
| Federal | 50.00% | Federal | 0.00% |
| State | 47.50% | State | 95.00% |
| County | 2.50% | County | 5.00% |
| <u>FOSTER CARE:</u> | July 2005 – June 2007 | <u>FOSTER CARE</u> <u>Nonfederal:</u> | July 2005 – June 2007 |
| Federal | 50.00% | Federal | 0.00% |
| State | 20.00% | State | 40.00% |
| County | 30.00% | County | 60.00% |
| <u>KinGAP:</u> | July 2005 – July 2007 | <u>KinGAP</u> <u>Nonfederal:</u> | July 2005 – June 2007 |
| Federal | 50.00% | Federal | 0.00% |
| State | 25.00% | State | 50.00% |
| County | 25.00% | County | 50.00% |

Appendix B - List of Acronyms

| | | | |
|-------------|--|------------|--|
| AB | Assembly Bill | FIDM | Financial Institution Data Match |
| ACF | Administration for Children and Families | FMAP | Federal Medical Assistance Percentage |
| APDU | Advance Planning Document Update | FSR | Feasibility Study Report |
| ARS | ACES Replacement System | FTB | Franchise Tax Board |
| BP | Business Partner | IBM | International Business Machines, Inc. |
| CalWORKs | California Work Opportunity and Responsibility to Kids | I-COAP | Interim – Compromise of Arrears Program |
| CASES | Computer Assisted Support Enforcement System | IDB | Integrated Data Base |
| CBO | Community Based Organization | KIDZ | Not an acronym. It refers to the child support system used by Kern County. |
| CCSAS | California Child Support Automation System | LCSA | Local Child Support Agency |
| CCSAS - CSE | Child Support Enforcement | NCP | Noncustodial Parent |
| CCSAS - SDU | State Disbursement Unit | OCSE | Office of Child Support Enforcement |
| CDSS | California Department of Social Services | OMB | Office of Management and Budget |
| CIIP | California Insurance Intercept Project | PL | Public Law |
| COAP | Compromise of Arrears Program | PRISM | Pre-Statewide Interim Systems Management |
| CSA | Child Support Assurance | PRWORA | Personal Responsibility and Work Opportunity Reconciliation Act |
| CSCRF | Child Support Collections Recovery Fund | SACSS | Statewide Automated Child Support System |
| CSLN | Child Support Lien Network | SB | Senate Bill |
| DCSS | Department of Child Support Services | SFY | State Fiscal Year |
| DIB | Disability Insurance Benefits | SGF | State General Fund |
| DRA | Data Reliability Audit | SME | Subject Matter Expert |
| EAW | Economic Analysis Worksheet | SP | Service Provider |
| EDP M&O | Electronic Data Processing Maintenance and Operations | SPR | Special Project Report |
| FC | Family Code | STAR/KIDS | Support Through Automated Resources/Keeping Integrated Data on System |
| FC | Foster Care | TANF/MOE | Temporary Assistance for Needy Families/Maintenance of Effort |
| FFP | Federal Financial Participation | UIB | Unemployment Insurance Benefits |
| FFY | Federal Fiscal Year | W & I Code | Welfare and Institutions Code |

Non IV-D Child Support Collections

DESCRIPTION:

Pursuant to Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that DCSS establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments under orders in IV-D cases and in non-IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the noncustodial parent is submit to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the California Child Support Automation System (CCSAS)-State Disbursement Unit (SDU). Non IV-D child support collections are cases that are not being served by the LCSAs. Also, these are cases with court ordered wage assignments, which are currently paid directly to the family, but will be processed through the SDU.

IMPLEMENTATION DATE:

This premise will be implemented as part of the CCSAS–SDU, effective May 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080, Family Code Section 17309, and Code of Civil Procedure Section 706.030 (6)
- It is assumed that Non IV-D child support collections collected through court ordered wage withholding orders will be processed through the SDU and distributed to the families.
- This estimate uses the estimated average collection per payment established in the SDU Request For Proposal Transaction Volume Estimate, dated October 20, 2003. The SDU transaction volume estimate used survey data from 17 states and gathered payment data from California Local Child Support Agency (LCSA) volumes.
- The number of payments (disbursement volumes) is based on the SDU SPR #1.

Non IV-D Child Support Collections

METHODOLOGY:

- For SFY 2005-06, the number of payments estimated in the SDU SPR #1 is 509,474. This was multiplied by \$316.24 which is the estimated average collection per payment developed in the SDU Request for Proposal Transaction Volume Estimate. The calculated Non IV-D collections are \$161,116,000 which represents 2 months of collections.
- For SFY 2006-07, the number of payments estimated in the SDU SPR #1 is 6,826,951. This was multiplied by \$316.24 which is the estimated average collection per payment developed in the SDU Request for Proposal Transaction Volume Estimate. The calculated Non IV-D collections are \$2,158,955,000 which represents a full year of collections.

FUNDING:

- Non IV-D collections are distributed 100% to the families.

CHANGE FROM APPROPRIATION:

In May 2005, the estimate was built on the SDU Transaction volume Estimate dated October 2003. The November 2005 forecasts were updated by using the volume estimates from the SDU SPR #1.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2005-06 reflects 2 months of implementation and SFY 2006-07 reflects a full year of implementation..

COLLECTIONS:

(in 000's)

| | 2005-06 | 2006-07 |
|---------|--------------------|--------------------|
| | <u>Collections</u> | <u>Collections</u> |
| Total | \$161,116 | \$2,158,955 |
| Federal | 0 | 0 |
| State | 0 | 0 |
| County | 0 | 0 |
| Other | 161,116 | 2,158,955 |

TABLE COMPARISON
Non IV-D CHILD SUPPORT COLLECTIONS ^{1/}
(in thousands)

| | | 2005-06 NOVEMBER ESTIMATE | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|------------------------------------|---------------------------|---------|-------|--------|----------|-----------------------|---------|-------|--------|----------|-------------|---------|-------|--------|----------|
| | | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ |
| 2005-06 NOVEMBER ESTIMATE TO 2005-06 APPROPRIATION | | | | | | | | | | | | | | | | |
| 1 | Non IV-D CHILD SUPPORT COLLECTIONS | 161,116 | 0 | 0 | 0 | 161,116 | 346,107 | 0 | 0 | 0 | 346,107 | -184,991 | 0 | 0 | 0 | -184,991 |

| | | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 APPROPRIATION | | | | | DIFFERENCES | | | | |
|---|------------------------------------|---------------------------|---------|-------|--------|-----------|-----------------------|---------|-------|--------|----------|-------------|---------|-------|--------|-----------|
| | | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ |
| 2006-07 GOVERNOR'S BUDGET TO 2005-06 APPROPRIATION | | | | | | | | | | | | | | | | |
| 2 | Non IV-D CHILD SUPPORT COLLECTIONS | 2,158,955 | 0 | 0 | 0 | 2,158,955 | 346,107 | 0 | 0 | 0 | 346,107 | 1,812,848 | 0 | 0 | 0 | 1,812,848 |

| | | 2006-07 GOVERNOR'S BUDGET | | | | | 2005-06 NOVEMBER ESTIMATE | | | | | DIFFERENCES | | | | |
|---|------------------------------------|---------------------------|---------|-------|--------|-----------|---------------------------|---------|-------|--------|----------|-------------|---------|-------|--------|-----------|
| | | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ | Total | Federal | State | County | Other 2/ |
| 2006-07 GOVERNOR'S BUDGET TO 2005-06 NOVEMBER ESTIMATE | | | | | | | | | | | | | | | | |
| 3 | Non IV-D CHILD SUPPORT COLLECTIONS | 2,158,955 | 0 | 0 | 0 | 2,158,955 | 161,116 | 0 | 0 | 0 | 161,116 | 1,997,839 | 0 | 0 | 0 | 1,997,839 |

1/ Non IV-D Child Support Collections are from court ordered wage assignment cases paid to the families, which are not handled through the local child support agencies but rather through the State Disbursement Unit.

2/ Other reflects collections that are paid to families.